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Statement

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THE HON. MR. JUSTICE

MINISTER OF JUSTICE

TO THE CHIEF JUSTICE OF THE

AND THE CHIEF JUSTICE OF THE

UNIVERSITY OF TORONTO

THE HON. MR. JUSTICE

THE HON. MR. JUSTICE

179

Statement

95/2



CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CENTRE FOR INTERNATIONAL STUDIES
AND THE CENTRE FOR INTERNATIONAL BUSINESS,
UNIVERSITY OF TORONTO

"CANADA'S TRADE POLICY FOR THE 21ST CENTURY:
THE WALLS OF JERICO FALL DOWN"

TORONTO, Ontario
January 18, 1995



Government
of Canada

Gouvernement
du Canada

Canada

Ladies and gentlemen:

It is impossible to have watched the course of events over the last year without recognizing that something fundamental is happening to the international trading system. Twelve months have witnessed the birth of NAFTA [the North American Free Trade Agreement] and the World Trade Organization [WTO]. APEC [the Asia-Pacific Economic Co-operation forum] has agreed, against all predictions only a year ago, to reach free trade between its developed economies by 2010 and between its developing economies by 2020 – that is, if any of APEC's members will still be defined as developing in 20 years' time. Not to be outdone, the countries of the Western Hemisphere have set 2005 as their target date for free trade in the region, while Canada, the United States and Mexico have launched immediate discussions for the accession of Chile to NAFTA. At the same time, the European Union [EU] has proceeded with its own plans for expansion both northward and eastward – all the while observing anxiously the dynamism of Asia and the Americas.

So far, many of these initiatives may be seen as little more than statements of good intentions. A sudden downturn in the business cycle, say, or a new trade war between Japan and the United States, could well dampen enthusiasm for free trade and cast doubt on our best-laid plans. Yet behind the public pronouncements there are more fundamental forces at work. Like the sudden collapse of the Berlin Wall in 1989, trade and investment barriers the world over seem to be crumbling under the weight of their own contradictions. What we may be witnessing today is the birth pangs of a new international economic order – a messy, haphazard scramble toward a system of global free trade.

Something fundamental is happening to the trading system because something fundamental has already happened to the global economy. Semiconductors, fibre optics, satellite communications – these and a myriad of other technological innovations are fashioning a world economy from the bottom up. Countries could always devise ways to prevent grain or steel from crossing borders; they have far less control over the transnational movement of information, know-how or ideas. Yet these are the very "products," if this is the right term, that are now driving the global economy forward at such a breathtaking pace. If "knowledge is power," to borrow Francis Bacon's famous aphorism, then one of the defining characteristics of globalization is that this power is more diffuse than ever before. Just as the Soviet Union discovered to its cost that ideas are ultimately unstoppable, we too are discovering, in a less cataclysmic way, that the advent of the knowledge economy is somehow circumventing and diminishing the influence of national governments.

It would be salutary if policy makers could take the credit for constructing this global economy. But the reality is that trade liberalization is following as much as leading the underlying economic trends. Where there is free global movement of capital,

investment and ideas, there must eventually be free movement of production and distribution. Indeed, in some ways globalization bears out Marx's most important insight: that technology shapes the course of history. Changes to the means of production are changing the relations of production, which in turn are altering the institutional superstructures – in this case on a world scale.

What we are seeing in the expanding web of bilateral, plurilateral and multilateral free trade agreements are the efforts of national governments to come to grips with economies of regional and global proportions. Once trade policy was about regulating commercial relations between national economies, largely through the negotiation of tariffs; now it is about establishing the ground rules of a transnational economy in areas that were once quintessentially domestic: standards and regulations, investment, competition policy and so forth.

This expansion of free trade, moreover, has generated its own competitive momentum. In a world in which national barriers are becoming so many self-inflicted wounds – a sure way of being isolated from increasingly global investment and production decisions – we are all facing irresistible pressures to keep pace with market liberalization. Countries enter into free trade relations to increase their competitive edge, only to find others joining the race for fear of losing out on investment, technology and market access. The result is a kind of global chess match, one in which bilateral and regional trade initiatives become part of an overall drive to liberalize further and faster – yet the cumulative effect is to advance worldwide free trade. There are trade strategies at work here, but not in the sense meant by Paul Krugman and other new trade theorists. This is not a zero-sum game; it is an ongoing dialectic generating dynamic growth.

Much of this momentum was generated by the original Canada-U.S. Free Trade Agreement [FTA], and the subsequent trilateral agreement with Mexico. The aim was to push forward in such areas as dispute settlement, investment, trade in services, or procurement, where our degree of economic integration seemed to call for a more comprehensive regime of rules and procedures than could be achieved in the larger and slower-moving multilateral arena of the GATT [General Agreement on Tariffs and Trade]. But in pursuing free trade with our neighbours, we sent a clear signal to our other trading partners that North America was committed to a more open, more structured international economic order, and that we were prepared to leave behind those countries unwilling to move in this direction. Not surprisingly, many of the trade policy advances made in the FTA and NAFTA were subsequently reflected in the final outcome of the Uruguay Round of the GATT.

Now it is time for NAFTA to advance again. On one front, Canada is working hard to expand the agreement to other countries – to widen the circle and to spread the rules. The addition of Chile to NAFTA will represent more than access to a market of 14 million; it will provide us with a critical link with South America, it will push the pace of overall hemisphere integration, and it will help ensure that the NAFTA architecture remains fundamentally open and dynamic. With Chilean accession will come the need to replace the name "NAFTA" with "AFTA" [American Free Trade Agreement] or some other such acronym, and this is more than merely a semantic change. It will reflect real progress made toward hemispheric free trade within 10 years. Equally, we are working to deepen what we have already achieved in NAFTA. We are beginning the process of negotiating an expanding range of difficult issues. Of these issues, none is more important to Canada than our efforts, in two NAFTA working groups, to achieve mutually agreed trade rules that can reduce or eliminate the arbitrary application of trade remedy laws – laws that really have no economic rationale in a free trade area. What underpins this overall strategy – deepening the rules as well as broadening the membership – is the central idea that only by moving forward will NAFTA remain a building block, rather than a stumbling block, for eventual global free trade.

The dynamic we have created with NAFTA – and now with the Western Hemisphere free trade area – has spread ripples into Asia and beyond. There can be little doubt that the APEC initiative was launched at least partly in response to concerns of being left outside of an expanding NAFTA. Yet here too regionalism is developing its own momentum. APEC's commitment to trade liberalization in Indonesia last November is nothing short of revolutionary: free trade between the United States and Japan in 15 years; free trade between the United States and China in 25. Indeed, the very dynamism of the Asian economies gives APEC a special significance. This region has become the focal point of immense shifts in the global economy. Beyond the continued and rapid growth of Japan and the "Asian Tigers," the region is the cradle for the emergence of two enormous and hitherto closed economies: China and India. More quickly, I suspect, than most realize, their emergence will send shock waves through the global economic system – shock waves that will need to be managed and ultimately absorbed, principally through membership in the new WTO but also, at least in the case of China, through membership in APEC. This will make the Asia-Pacific region, almost by definition, a key arena in which the trade policy issues of the future will be played out.

APEC is important too because it bridges both sides of the Pacific. Although some may question the ability of two and potentially three economic superpowers – the United States, Japan and China – to co-exist within the same bloc, APEC has the potential, if managed properly, to provide an interface between

the two continental economies. It can act as a geopolitical buffer reducing the possibility of creating a fault line through the Pacific by regional integration within Asia or by the extension of free trade throughout the Americas. This role is not unimportant to Canada, a relatively small trading power but with significant interests on both continents. Here too our goal is to keep the momentum building, to push for a broadening and deepening of the architecture, and to ensure that the collective focus is outward and expansive.

An increasingly central issue now is how long Europe – or at least the key economies in Europe – can afford to remain outside this dynamic interplay between Asia and the Americas. It is true that Sweden, Finland and Austria have recently entered the European Union, and criteria have been established for eventual accession of much of Eastern Europe. Nevertheless, the addition of a Finland or an Austria does not compensate for Europe's potential loss of competitive access to Asia or Latin America. Already there are signs that Europe feels itself in danger of being isolated by events outside its borders; hence its recent overtures to explore ways of establishing a closer economic association with Mercosur beyond that offered by the new World Trade Organization.

The related issue, of course, is how long North America can afford to turn its back on Europe. Now that we have committed ourselves first to free trade with Latin America and later to free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous. This is especially true since Europe represents our second-largest trade partnership – a partnership, moreover, defined not simply by the traditional exchange of goods and services but by an increasingly intricate web of transatlantic investment and technology. It is this concern about a possible drifting apart of our two continents that lies behind the Prime Minister's recent challenge to the European Union to consider free trade with NAFTA. Indeed, the goal would not simply be to secure market access but to help build the competitiveness, dynamism and critical mass of the transatlantic economy – in his words, "to re-energize our economic relationship."

In raising the question of transatlantic economic relations, difficulties immediately come to mind, not the least of which is the negotiation of agriculture. But why set out to stumble? Why not commit ourselves at the outset to a much larger, more far-reaching undertaking, leaving detailed negotiations to those specific issues on which countries cannot agree? For a start, we could propose the removal of all industrial tariffs by a specified date, mirroring in many ways the commitments we have already jointly undertaken in various regional fora. Investment is another area where progress might be more meaningful in a transatlantic context rather than on a broader, less homogeneous

front. This approach could also lend itself to ambitious work on a code of conduct defining fair rules of competition.

Such a possibility raises an intriguing question. Could a possible EU-North America deal provide the core of a new approach? Can we move further and faster toward free trade – and maintain the dynamic of competitive liberalization – while avoiding the inherently exclusionary nature of regional blocs? It is clear that regionalism has helped push the trade agenda forward in a manner and at a pace not easily achieved in the traditional GATT framework, but at some point it is reasonable to ask where all of these disparate paths are leading. Does the rapid expansion of NAFTA, APEC and the EU signal the triumph of regionalism? Or is expansion itself a sign that the regional blocs must ultimately build toward a more comprehensive trading order? Are we coming to the realization that global firms operating in global markets will sooner or later need global rules?

Sometime in the not-too-distant future we will need to confront the issue of how the various regional blocs interact and how, when rules and structures overlap, an eventual convergence might be orchestrated. In an ideal world, of course, all paths would lead back to the World Trade Organization – and indeed this remains Canada's objective. But at this time it is probably unrealistic to assume that the hundred-plus members of the WTO could, in unison, liberalize sufficiently to catch up with the regional blocs; it would be equally unrealistic to assume that the regional blocs would willingly open themselves up to the rest of the world on a strict most-favoured-nation basis. Not only would this fail to address the issue of "free riders," it might even weaken the competitive dynamic that is helping drive the global trade agenda forward.

There is another approach. Since we are committed to free trade in the Americas, free trade in APEC and possibly free trade with Europe, at some point there is potential for a new trade arrangement that bridges all the blocs – a kind of WTO-plus. Membership in such a grouping would depend not on region but on a willingness to commit to more intensive, more comprehensive rules-based trade and investment. One obvious advantage of this approach is that it would iron out many of the complexities of a world of multiple free trade agreements. At a minimum we would go a long way toward ridding ourselves of an increasingly complex patchwork of rules of origin. The continued existence of low tariffs, coupled with rules of origin, impose a transaction cost on cross-border trade out of all proportion to the purported benefits to protected industries. It is time to acknowledge that the era of the tariff is finally over, and to get on with other, more pressing and difficult issues.

But the real virtue of a WTO-plus approach is that it would mitigate the "them-versus-us" mentality associated with regional blocs. Although it would be salutary to think that the world's major economic powers will embrace a universe of free trade with enthusiasm and confidence, I am less than sanguine. There is still strong pressure for governments to be mercantilist, especially in the area of high technology. Listening to Lester Thurow or Laura Tyson, one would assume that we are already engaged in a life-or-death struggle with Europe and Asia for technological supremacy – a struggle in which so-called strategic trade policy will play a major part. Even those governments that embrace the ideas of Adam Smith often have a rather selective reading of comparative advantage, interpreting it to mean that it is their destiny to supply the world's high-tech goods and services, while the rest supply cheap labour and raw resources. Ironically it is the knowledge-intensive sectors that are probably least susceptible to government manipulation, but this will not stop governments from trying. In a world delineated by regional blocs, there is greater danger that trade competition may dissolve into trade conflict.

A more worrisome aspect of regionalism is one identified by Sylvia Ostry: the problem of "system friction." Even if we manage to strip away all external barriers to trade, we will still expose societal differences – in legal systems, in financial regulations, in government structures – that in turn shape our economies. It does not require much imagination to realize that even legitimate systemic differences might well be labelled as unfair trade practices by some, especially when they appear to confer economic advantages. Indeed, already there are undertones of "system friction" in current trade tensions between the United States and Japan. One solution, of course, is to seek greater harmonization, to push nations toward uniform approaches to a variety of economic regulations and systems. Indeed, trade policy has already moved a considerable way in this direction in an effort to root out rules and regulations that serve as little more than hidden barriers to trade. But there are also dangers of travelling too far down a road toward harmonization, of trying too hard to "level the playing field." In so doing, we may well erase the very differences, strengths and innovations – the comparative advantages – that generate a free market. What a sad irony if in the name of greater freedom, including market freedom, we build the scaffolding for the universal homogeneous state.

An alternative is to recognize that economies, like societies, will always differ to some degree, and to try to create the institutions and rules that can allow these differences to co-exist while managing any tensions that may arise. Here perhaps we can learn something from a couple of European ideas: first subsidiarity, the notion that decision making and the administration of rules should be conducted by the level of

government closest to the local community, while still remaining efficient; and second the notion of mutual recognition whereby partner countries agree to accept a system of integration in which the rules need not be the same – or harmonized – so long as they achieve the same ends. But to reach such a consensus it is clear that the future trade policy agenda will need to advance on an inter-regional – as much as an intra-regional – basis.

I suggested earlier that policy makers cannot take all the credit for the movement toward global free trade. What we can do is ensure that the rules governing this new global reality reflect our mutual interests and are not simply imposed by the larger players. What we have, in other words, is a responsibility for ensuring that the transition to globalization is as fair and equitable as possible. This is not just a statement of principle for Canada; it is a statement of national interest. When 80 per cent of our trade is with one partner, it is axiomatic that we should seek a structure of rules and obligations to give discipline to the relationship. Our policy, almost by definition, must be primarily about the United States. We negotiated the FTA and subsequent NAFTA to build such a structure. But there is more than one way to harness an elephant. Free trade in NAFTA has helped catalyze free trade in Asia, and will perhaps lead to a stronger trade relationship with Europe – all reinforcing a global regime centred on the WTO. This strategy of building an architecture of overlapping circles of free trade not only strengthens the world economic system, it strengthens our critical relationship with the United States.

Canada is well placed to help construct this new architecture. We played a leading role in advancing the idea of a World Trade Organization in the 1980s, building on the many concepts put forward by people such as Sylvia Ostry. We have been active and creative partners in NAFTA and APEC in the 1990s. We are now seeking new bridges to the European Union. But beyond these initiatives, we as a country are committed to the overarching ideal. The notion that the rule of law is the essence of civilization, both within and among nations, is central to Canadian values and Canadian culture. Remaining in the vanguard of those countries working to expand the international rule of law is perhaps Canada's most important and enduring contribution to the new global civilization.

But to play the role we must articulate our interests in a focused and co-ordinated way. As the Prime Minister well understands, when he promotes exports in China, or proposes the reinvigoration of relations with Europe, or hosts his G-7 colleagues in Halifax, he is doing more than conducting foreign policy in the traditional sense. In many ways he is the prism through which our collective interests and aspirations are reflected in the evolving international arena. He is Canada's delegate to the New World Order, a personification of the extent

to which domestic policy is now foreign policy and vice versa. At the same time the Prime Minister is underscoring one of the most persuasive arguments for a robust federation.

Is the picture I have just painted too optimistic? Perhaps. But then I have reason to be optimistic. There were times when I felt myself to be among a small, even shrinking, band of idealists. I believed then, as I do now, that free trade was not just a practical necessity but a guiding ideal. Only if trade among nations is free will we maintain the foundations of political and other freedoms. I believed then, as I do now, that the free exchange of ideas and capital, the open exchange of goods and services, and the security of agreed rules and common institutions is the basis of civilized intercourse between nations. In short, I was then and I am now a liberal as first defined by Adam Smith and David Ricardo, and as exemplified by Canadian Liberals from Sir Alexander MacKenzie to Lester Pearson and Jean Chrétien. And yet even I am amazed by the speed with which the ideal of free trade is being transformed into a global reality. If nothing else, I now fully expect to be amazed in the years ahead.

Thank you.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE VANCOUVER BOARD OF TRADE



VANCOUVER, British Columbia
January 12, 1995



Government
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Something fundamental seems to have happened to the international trading system over the last several years.

The countries of Asia and the Pacific have agreed to establish free trade among their developed economies by 2010 and among their developing economies by 2020.

A few weeks ago the countries of the Western Hemisphere, meeting in Miami, set 2005 as their target date for free trade. Since four members of this proposed Western Hemispheric Bloc are also members of the Asia-Pacific grouping, the chances of an eventual convergence between the two blocs seems high.

At the same time, Europe is undertaking its own expansion eastward – all the while observing anxiously the dynamism of Asia and the Americas.

Something fundamental is happening to the international trading system because something fundamental has already happened to the global economy.

The technological revolution since the Second World War has laid the foundations of a world economy. When there is worldwide movement of the means of production – of capital, investment and technology – there must eventually be worldwide movement of products.

In a sense, then, trade liberalization is following – not leading – underlying economic trends. A messy and bewildering web of bilateral and regional trade arrangements, especially in Latin America, reflects the efforts of national governments to adapt to an increasingly international economic system.

International structures themselves are under pressure to change. The GATT [General Agreement on Tariffs and Trade] was established after the Second World War to deal with international trading relations among national economies. But such economies are ceasing to exist in any meaningful way. The challenge now is to develop mechanisms and superstructures to deal with economies of regional or global dimensions.

There is still strong pressure for National Governments to be mercantilist – especially in the area of high technology. Yet ironically, these are the very sectors that are least susceptible to national constraints. Governments can prevent lumber or steel from crossing borders; they have little control over the global movement of ideas, know-how, or culture.

These changes in the structure of the global economy have fundamentally altered the dynamic of trade liberalization.

Trade negotiations have in the past been essentially mercantilist in nature – based on the underlying assumption that exports are good and imports bad. Domestic barriers were concessions to be

traded away for access to foreign markets. But in a global economy, domestic barriers become a self-inflicted wound – a sure way of being isolated from increasingly international investment and production decisions.

Countries are facing irresistible pressure to mesh with this emerging global network of production and distribution. Everyone is competing to be the most attractive location for investment and production – to be at "the centre," so to speak, of the emerging global economy. Much of what is happening, nationally and regionally, reflects the underlying pressure for the unilateral reduction of barriers.

The result is a process of competitive liberalization – a global chess game where bilateral and regional initiatives are part of an overall strategy to liberalize further and faster. This, in turn, helps set in motion a wider competitive dynamic to reduce barriers worldwide – to kick-start a new global round.

Thus, Canada, the United States, and Mexico decided to enter into a "deeper" free trade relationship both to circumvent the slower pace of the multilateral round and to put pressure on their other trading partners. In response, Asia launched its own regional trade initiative largely out of fear of being left behind by a dynamic and expanding NAFTA [North American Free Trade Agreement].

Canada's real challenge is to position itself strategically for this new Asian landscape, to ensure that it is prepared domestically for the burgeoning opportunities that lie ahead.

Even 12 months ago, a commitment to free trade among the countries of the Asia-Pacific region would have been unthinkable. Yet in Jakarta in November, the members of the Asia-Pacific Economic Cooperation forum, or APEC as it is more familiarly known, agreed to establish free trade among the developed economies of the region by 2010 and among developing economies by 2015 – that is, if any of APEC's members are still defined as developing by that time. The implications are nothing short of revolutionary: free trade between Canada and Japan in 15 years; free trade between Canada and China in 25.

But these changes in Asia, sudden and dramatic though they are, are part of a broader, worldwide process of competitive liberalization. Like their counterparts in the Western Hemisphere or in Europe, the countries of Asia today find themselves competing for footloose capital and technology in an increasingly global marketplace.

The very dynamism of the Asian economies today gives APEC a growing significance. This region has become the focal point of immense shifts in the global economy. Beyond the continued and rapid growth of Japan and the "Asian Tigers," the region is the cradle for the emergence of two enormous and hitherto closed economies:

China and India. More quickly than most realize, their emergence will send shock waves through the global economic system – shock waves that will need to be managed and ultimately absorbed, partly through membership in the new World Trade Organization but also through membership in APEC.

This will make APEC, almost by definition, a key arena in which trade policy issues of the future will be played out. The evolving nature of APEC will challenge how we understand and deal with the trade agenda of the 21st century – above all the interaction of trade policy with investment policy, with competition rules, with technological development and with environmental standards. The focus of the World Trade Organization on formal negotiation leading to binding disciplines is often at variance with the Asian preference for informal deliberation and consensus building. In this sense too, APEC might provide a path forward in areas for which the World Trade Organization, at least for the moment, is still ill-equipped.

Perhaps most important, APEC is uniquely placed to bridge both sides of the Pacific. Although some may question the ability of two and potentially three economic superpowers – the United States, China and India – to coexist within the same Asia-Pacific Bloc, APEC has the potential, if structured properly, to provide an interface between the two continental economies – a geopolitical "buffer" ensuring that neither regional integration within Asia nor the extension of free trade throughout the Americas will create a fault line running through the Pacific. APEC can help to sustain and mediate the cross-cultural management of trade issues in a way that neither the World Trade Organization nor the OECD [Organization for Economic Co-operation and Development] can.

The APEC Summit in Jakarta in November was preoccupied with the question of when the commitment to free trade should be completed. A more salient issue is when – and in what ways – the negotiation of free trade should begin. Only by moving forward, only by maintaining the momentum arising from the seven years of Uruguay Round negotiations, can we make concrete progress. Canada has suggested some specific steps.

First, Asia-Pacific countries could consider accelerating the implementation of the tariff cuts agreed to in the Uruguay Round. APEC could explore further tariff cuts in other sectors. There may be possibilities of additional sectoral tariff harmonization or of new zero-for-zero initiatives in a range of products. At the same time, APEC economies must build on the General Agreement on Trade in Services to further liberalize their financial services, a key sector in the modern, globalizing economy, where trade and investment are becoming indistinguishable.

Second, APEC economies should consider how we can remain at the forefront of investment liberalization. We should move

progressively from a set of non-binding principles to an agreed set of rules with appropriate dispute settlement provisions. More effort is needed to facilitate international private investment – a major source of growth in this region – and to reduce uncertainties and transaction costs of investment and investment-related trade. APEC economies could work toward a standstill on all measures that hinder investment flows among them while we work on a code.

Third, APEC economies could consider pursuing, in the short term, the elimination of export subsidies on agricultural trade in the region. In the longer term, a prohibition of all export subsidies in agricultural trade worldwide should be our common goal.

Finally, APEC countries could advance on trade standards. Since the Asia-Pacific region contains many of the world's leading high-tech firms, we might want to select one or two sectors, such as telecommunications, with the objective of reducing the negative trade and investment effects of differing standards within the region.

This is an ambitious agenda. So much so that some less optimistic observers have suggested that the APEC target dates for free trade are unrealistic. I take a rather different view – that the changes we see in Asia, as well as in the Western Hemisphere and Europe, have their own intrinsic momentum. Once free trade negotiations are underway, their momentum will likely accelerate.

The challenge for Canada is to be prepared for this remarkable transformation. This is not just a question of linking more effectively aid and trade, or of throwing more export credit at problems. Not only can Canada no longer afford this approach, but I have doubts as to its success over the past several years. Our policies, our initiatives and our activities must form aspects of a larger strategy. We must set realistic targets, outline our key objectives and evaluate dispassionately our results. We must sharpen our focus and target the delivery of our existing services to Canadian companies, especially the small and medium-sized, who are beginning to look beyond North America for export and joint venture opportunities. This means disseminating market intelligence more effectively; it means better co-ordination among federal departments and with provincial governments; and it means involving Canadian businesses and private sector organizations in setting objectives and planning operations.

We must look at how other aspects of government policy and operations might be better co-ordinated. We need to look at how our representation in the Asia-Pacific region might be adjusted, both to reflect our own emerging priorities and to encourage relations of yet greater sophistication with other countries in the region. We are exploring ways to develop more open, user-friendly Canadian missions, with facilities developed in partnership with a variety of stakeholders and designed to accommodate the full range

of activities needed to build further our ties with the country concerned – a kind of "Canada House" or "Place Canada" concept.

Our development assistance efforts in Asia over the past four decades are something of which all Canadians can be proud and we must not lose sight of the fact that, unfortunately, Asia remains home to the largest number of people still living in poverty.

At the same time, the challenge of development is shifting. Structural change in Asian economies suggests it is time to consider a transition from conventional resource transfer to genuine development co-operation. Our aid should reflect and encourage the greater maturity in our bilateral relationships and respond to the mutual interests that draw us together. One obvious way is to strengthen and expand our education centres in our missions in Asia, centres that provide students with information about education facilities in Canada and help to build thereby the links that can be so important in the future.

If I am right, Asia is entering a dramatic and far-reaching process of "opening" to the world. But Canadian business needs to be present and to maintain a presence if it wishes to steal the march on our competition. We need to seek long-term strategic investments and partnerships in key markets in order to weave the webs of production and technology that are so central a feature of today's trade landscape. In short, we cannot succeed as part-time players.

A failure to build stronger links with an increasingly confident Asia will have costs for the Canadian economy extending well beyond issues of market share. In many ways, our economic relations with the Asia-Pacific region will increasingly help to define our global competitiveness and, by extension, our own domestic development. Our success in building strategic partnerships with Asian firms, or in penetrating new markets for Canadian energy, infrastructure, services and manufactured products will help to reinforce – indeed define – our competitive edge in global markets. In the same way, our ability to sustain valued markets for traditional agricultural and natural resource sectors in Asia-Pacific will help to strengthen these Canadian mainstays in the world at large.

Although until now a significant Canadian presence in some of the markets of Asia has remained elusive, I am convinced that the winds of change are blowing throughout the region. We must be well prepared to participate in the free trade and investment that is not far over the horizon.

Thank you.

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Statement

95/4

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE INAUGURATION
OF THE CANADIAN EMBASSY IN BEIRUT



BEIRUT, Lebanon
January 26, 1995



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Your Excellency the Minister of Foreign Affairs, distinguished guests:

On October 22, 1994, in Montreal, I had the pleasure and the honour of being welcomed by the Lebanese-Syrian Canadian Association of Quebec. The Association was celebrating its 75th anniversary, thus marking the richness and uniqueness of the ties between Canada and Lebanon. At this event, I took the opportunity to publicize the Government of Canada's decision to reopen its embassy in Beirut early in 1995.

Today, I am both proud and happy to be among you, here in Beirut, to fulfil this promise. Circumstances forced us to suspend our embassy's operations during one of the darkest periods of the war in 1985. Yet the unique relationship that exists between our two countries was clearly too important for this situation to continue. I would like to pay tribute today to Ms. Salwa Assily and the other members of the local staff for their exceptional loyalty and dedication in performing their duties from the Mayflower Hotel.

The winds of change are blowing in Lebanon. The most spectacular sign of change is the impressive reconstruction effort launched by the people of Lebanon and their government. This and many other reasons made it imperative for Canada to return to Lebanon, for the history of our relations teaches us that there is no substitute for the importance of human interaction.

Canada and Lebanon enjoy a truly special relationship that dates back to the arrival of Lebanese immigrants in Canada at the turn of the century; and it has grown since then. When Lebanon was in the throes of war, Canada opened its doors to tens of thousands of Lebanese refugees. These new arrivals have contributed to every aspect of Canadian life, whether in politics, in business or in the arts.

On this historic day, I am very happy to be accompanied by Senator Pierre de Bané and by Mac Harb, Parliamentary Secretary to the Minister of International Trade, both of whom are of Lebanese origin.

Even though he is not Lebanese, our colleague, Senator Marcel Prud'homme, played a special role for years by promoting Canada's relations with the Arab world.

About 150 000 – or 60 per cent – of the Lebanese men and women who have settled in Canada have chosen to live in Quebec, some of them in my own riding. I am thus well aware of their achievements, and I salute them.

Many other Lebanese men and women have studied and worked in Canada, and then returned to Lebanon. Along with Canadians of Lebanese origin, they create a living bond between our two countries. In this regard, I am thinking particularly of the

tireless efforts of Mr. Abdul Majid Haddad and the Association of Canadian University Graduates in Lebanon.

The ties between our two countries go far beyond personal relationships — Canada and Lebanon share even more. Both of our countries are members of la Francophonie. We know that a common language and cultural heritage favour mutual understanding. We share the same values of freedom of expression and the exchange of ideas. Both of our countries are market economies, and thus we fully understand the importance of international trade.

I am thus joined today by a large delegation of business people, led by my colleague, Mac Harb. Among them, I would like to draw your attention to Mr. Georges Menassas, former Trade Commissioner at the Canadian embassy in Beirut. This is Canada's sixth trade delegation to Lebanon since the election of Prime Minister Jean Chrétien's government in 1993.

The presence of this delegation shows how deeply Canadian businesses are committed to the Lebanese market. Indeed, one of the key objectives of my visit is to promote trade relations between our two countries.

Canada's trade with Lebanon has grown by leaps and bounds since the end of the war, largely thanks to the enthusiasm of Lebanese-Canadian entrepreneurs and the pioneering efforts of the Canada-Lebanon Chamber of Commerce.

The reconstruction effort, which we cannot help seeing around us, offers Canadian companies unique opportunities to make use of their skills and international experience in the form of joint ventures and other types of partnership with Lebanon's private sector.

Once peace is restored in the Middle East, Lebanon will offer investors from Canada and other Western countries a unique gateway to the region. I think that Lebanon has an excellent chance of resuming its role as one of the region's major financial centres.

What does reopening our embassy mean? First of all, the embassy will provide immediate assistance and first-hand information to Canadian companies seeking to do business here. The embassy will also enable Canada to strengthen its dialogue with Lebanon on a number of political issues, notably our common quest for peace in the Middle East. As well, it goes without saying that consular and immigration services will be greatly improved. Reopening this embassy is an illustration of the importance that Canada attaches to its privileged relationship with Lebanon, and of the confidence we have toward this country and its future.

In addition to greeting Ambassador McNee, I would like to introduce our next resident ambassador, Mr. Daniel Marchand, as well as Mr. Denis Létourneau, who will be our chargé d'affaires until Mr. Marchand's arrival.

In closing, I would like to thank Mr. William Zard, the owner of this magnificent building, for his ready co-operation.

I wish to welcome you all as our first visitors, and I am proud to inaugurate the Canadian Embassy to Lebanon.

Thank you.

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Statement

95/5

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE BEIRUT CHAMBER OF COMMERCE



BEIRUT, Lebanon
January 27, 1995



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Mr. President of the Chamber of Commerce, members, guests and colleagues:

Thank you for your warm welcome. I am very pleased to be here today in the company of one of the largest Canadian trade delegations ever to visit Lebanon. I have only been here for two days, but already I am impressed with the incredible reconstruction effort going on in this city. The speed and scale of this effort tell me that the business people sitting around this table have not been idle, and we Canadians have our work cut out for us if we hope to catch up to our competitors!

What I have seen in Beirut gives me hope for the future of Lebanon. It is a tremendous credit to the perseverance and creativity of the Lebanese people. I am committed to developing close, solid ties between our two countries.

Yesterday I took an important initial step toward fulfilling this objective by reopening our embassy. Our new premises will soon be operational. Our Prime Minister, the Right Honourable Jean Chrétien, and I have appointed Mr. Daniel Marchand as the next Ambassador to Lebanon. Business people can count on Mr. Marchand's experience and expertise. A trade commissioner by profession, Mr. Marchand was until quite recently Director of the Africa and Middle East Trade Development Division at the Department of Foreign Affairs and International Trade in Ottawa. I have instructed Mr. Marchand specifically to develop and strengthen our trade and economic ties with Lebanon. This is an objective that all of us here share. In order to succeed, we must count on the active participation and direct involvement of the Canadian private sector and, needless to say, of the Lebanese private sector. With what I have seen while here, I don't think I have anything to worry about! On the contrary, I hope that our new embassy will have the capacity to handle the load!

Our government recognizes the importance of the private sector in developing and strengthening ties between countries. This is why I wanted to be accompanied by some of the most dynamic of Canadian companies. Without a doubt, these past weeks have enabled companies in our two countries to create, and in some cases to strengthen, partnerships that will be both long-lasting and profitable.

The confidence that I am expressing is based on recent developments, which I know will be of special interest to you. The Export Development Corporation [EDC], Canada's official export assistance agency, has announced that it is prepared to finance projects, on a case-by-case basis, in Lebanon. The financial and insurance services provided by the EDC, coupled with the selective and complementary support of the Canadian International Development Agency [CIDA] will help Canadian companies to be more active in Lebanon.

The sharing of knowledge and expertise also promotes the development of strong ties between countries. I am pleased to announce that CIDA will make more than \$5.5 million in development assistance funds available to Lebanon. Thanks in part to this new infusion of funds, our two governments will be working together on a project to support the reform of the Lebanese public sector. I have also increased the Canadian Fund for Local Initiatives, which is designed to help NGOs [non-governmental organizations] take up the challenges of reconstruction and development. Finally, in my meeting yesterday with Prime Minister Hariri, I confirmed that Canada would be contributing \$4.8 million to the Lebanese Finance Ministry for its tax-system reform project.

The confidence that I feel is based on another remarkable fact: trade between our two countries continued to prosper even during the civil war. Canadian exports to Lebanon are flourishing, rising from less than \$8 million in 1990 to over \$44 million.

Allow me to say that, as a Canadian and a Quebecker, this visit is a real honour for me. Quebec is now home to most of our citizens of Lebanese origin. And Quebec accounts for 63 per cent of all Canadian exports to Lebanon as well as the bulk of our imports from Lebanon. With Lebanese exports to Canada in the order of \$4.5 million annually, this year's prospects are encouraging.

Of course, we know full well that trade is a two-way street and has to flourish in both directions. For this reason Canada and Lebanon recently negotiated and signed an agreement granting increased quotas for Lebanese textiles and clothing exports to Canada. I congratulate the Chamber of Commerce for its efforts on this file and the Director General of the Industrialists Association, Mr. Nabil Ladki, who participated in the negotiation of this agreement with Mrs. Aeltounian of the Chamber of Commerce. It is true what they say about the Lebanese: they are tough negotiators and they are persistent — qualities that we Canadians share and admire! In fact I can see no limit to the tremendous level of interest among the Canadian business sector in participating in the reconstruction of Lebanon.

This is Canada's sixth trade delegation to Lebanon since the election of Prime Minister Jean Chrétien's government in 1993. Firms from across Canada have participated in the "Rebuild Lebanon" exposition. Both the federal and Quebec governments as well as the Canada-Arab Business Council have organized major trade missions to Lebanon. Participants in those events came from sectors of particular excellence in Canadian industry: health, construction and telecommunications, to name a few.

We can already see the fruits of their efforts. Earlier today I witnessed the signing of a \$23-million contract in Tripoli

between AFCAN, a Canadian company in the medical sector, and The Tripoli Hospital. This is but the beginning.

Canadian business people are interested in Lebanon because they speak the same language – the language of free and open markets. Lebanon remains perhaps the most open economy in the region, and offers a business environment in which our companies are most comfortable. In fact, I believe Lebanon will soon regain a prominent place as a regional centre for finance, trade and tourism.

Canada-Lebanon relations are indeed special, and they go beyond trade, important though it may be. Indeed, the human factor is the most profound element in our relations. With a quarter of a million Lebanese-Canadians, it is difficult to find anyone in Lebanon who does not have relatives or friends in Canada.

Senator Pierre De Bané and Mac Harb, Parliamentary Secretary to the Minister for International Trade, both present today, are Canadians of Lebanese descent and great contributors to Canadian society: they represent the qualities that the Lebanese-Canadian community brings to our national life. Senator Marcel Prud'homme, although not of Lebanese descent, has contributed greatly to the promotion of Canada's relations with the Arab world.

Canada is also a political friend of Lebanon's. Canada stands by its friends, and we will support the sovereignty and territorial integrity of Lebanon as reflected in United Nations Security Council Resolution 425.

In the context of this resolution and the Ta'if Accord of 1989, Canada supports the progressive extension of the Lebanese government's authority over all of its territory, and the withdrawal of foreign troops from Lebanon.

We believe that the best way of ensuring the security of all the people of Lebanon, from north to south, and of the region as well, lies in a strong Lebanese government capable of exercising its authority throughout the country.

In conclusion, I wish to pay tribute to the members of the Chamber of Commerce who assisted Canadian firms in recent years when our programs and services were not what they are today. Thank you for your support in these difficult times.

We need a stable, independent and prosperous Lebanon. That is why I am here today, and why I expect to be back soon.

Thank you.

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Statement

95/6

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC)
ON THE OCCASION OF
AN ASIA PACIFIC FOUNDATION BREAKFAST MEETING
WITH HEADS OF MISSION (ASIA-PACIFIC)**



**VANCOUVER, British Columbia
January 13, 1995**



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First of all I should like to thank each of you for getting up so early to be here this morning. Thanks also to the Asia Pacific Foundation for hosting – under the guidance of Mike Phelps and Bill Saywell – this breakfast this morning.

I'd like to welcome our Minister for International Trade, the Honourable Roy MacLaren, and our Secretary of State for Multiculturalism and the Status of Women, the Honourable Sheila Finestone. A special welcome goes to Mr. Gordon Campbell, the leader of the opposition Liberal Party in British Columbia. Welcome also are our heads of mission from the Asia-Pacific region. Having visited with many of you during my first year in office, I can readily attest to the fact that you are representing Canada superbly in Asia.

This is a very important time to be working in the Asia-Pacific, and as our high commissioners and ambassadors are well aware, our government's focus on the region – culminating with the recent visit of Prime Minister Jean Chrétien – has all Canadians looking to the region.

Nineteen ninety-four was an eventful year for those of us dealing with the Asia-Pacific: it included visits to Canada by the Prime Minister of Thailand and ministers from Japan, China, South Korea, Indonesia, India, Laos and other countries. Going the other way, Mr. MacLaren, Foreign Affairs Minister André Ouellet and I criss-crossed the region working hard to promote Canadian interests there. Nineteen ninety-four was also the year of "Team Canada" led by Prime Minister Chrétien. Team Canada was a sort of awakening to the sheer scale of opportunities and to Canada's capacity to compete when the effort is made. Team Canada showed that we could pursue business opportunities. It demonstrated the advantage of working together: federal government with provincial government, business with government. And it proved that Canada can compete with the best in the world and win.

The key motivation for links with the Asia-Pacific is their impact on economic growth and job creation in Canada. To most of us in this room, this is obvious, but we have to be ready to express the potential for Canadians in tangible ways, for instance:

- the support that Asia-Pacific markets may lend to the future development of key Canadian sectors;
- the size and purchasing power of the Asian middle classes and the implications for Canada of value-added products and services;
- the position of Japan and other countries as holders of debt and providers of direct investment; and
- the emerging global role of the Asia-Pacific region in industrial innovation.

I am convinced that our government's focus on the Asia-Pacific – and our explanations to Canadians for that focus – is perhaps the best example to Canadians of our government's Red Book philosophy.

In short, exports create jobs, and jobs create wealth for Canadians, thus helping to reduce the deficit and to maintain many of those programs, such as health care, that have made our country the envy of the world.

As Mr. Chrétien and the premiers showed on the Team Canada trip, our government's commitment to the Asia-Pacific region can address some of our concerns on the national unity issue. Indeed, support for national unity can be enhanced through the pursuit of co-operative working relationships with the provinces, and through federal leverage and access in the Asia-Pacific when key contracts are at stake and major issues must be dealt with. National unity is most obviously relevant for the Quebec dimension, but it is also significant in mediating lingering divides between Eastern and Western Canada. We see our efforts in the Asia-Pacific as a unifying force — something we can all agree upon.

The expansion of business ties across the Pacific and throughout Asia will take persistent efforts, but I am confident those efforts will succeed. I believe we can build on improved market access resulting from the Uruguay round and the progress made bilaterally with a number of individual countries. As Mr. MacLaren mentioned last night, it will take well-targeted trade, investment and tourism promotion efforts. It also will benefit by our enthusiastic participation in regional institutions, above all APEC [Asia-Pacific Economic Co-operation].

These efforts in turn can be strengthened by complementary measures that will contribute to a much-needed maturity in our bilateral relationships as well as our regional role. Activities should advance a diversity of objectives and engage a cross-section of our people and talent. They should portray Canada as a partner of quality and value, who is in the game for the long haul, rather than the quick fix.

I say this because success in the Asia-Pacific means a commitment not only over time but across many fields of human endeavour. It covers personal ties between leaders; acceptance of certain responsibilities in areas such as peace, human rights and democratic development; recognition of the value of educational and cultural links; and sharing of experience in specific areas such as research and development, environmental preservation, or other challenges of public policy.

For me, there is a special meaning to the engagement, indeed the mobilization, of Canadians of Asian origin in the building of our Asia-Pacific partnerships. As I mentioned to our heads of mission yesterday morning, Canadians of Asian origin, whether representatives of big companies or entrepreneurs from our dynamic small and medium-sized firms, can contribute to the national effort we need.

They will add empathy to our Asia-Pacific ties, the kind of cultural affinity so long of benefit to our North American and European links. Much of our success in realizing our aspirations in business will have to do with the success we have in linking our peoples.

I have been trying to do my part and I will continue to do so. I will visit South Korea later this month, meet with members of the new cabinet there and discuss how to strengthen the unique "Special Partnership" we have embarked upon, especially in areas such as science and technology, third-country alliances and co-operation on political and security questions.

I will visit Hong Kong on the same trip, and reinforce Canada's commitment to Hong Kong's vitality and stability in the lead-up to 1997 and to continued support beyond 1997.

In March, I will join business representatives in a visit to Pakistan and India, ensuring that Canada takes full advantage of opportunities too long overlooked, opportunities reinforced by impressive initiatives taken in promoting economic reform and trade liberalization. At the same time, I will register our support for regional security and non-proliferation objectives. I will renew our commitment to sustainable development and poverty alleviation through our development co-operation programs.

What I want to stress is the need to address our relationships across a broad spectrum of activity and issues. Single-dimension, quick-fix approaches do not suit the situation in the Asia-Pacific and will not work for Canada. This same outlook should guide our thinking here in Canada. That is why we have worked with the Asia Pacific Foundation and others, such as the David Lam Centre here in Vancouver, to increase training in Asian languages and cross-cultural communications – not just as an intellectual exercise but as a tool for business development.

It underlines the importance of the round tables organized last year by the Asia Pacific Foundation on Asian Canadians. We can build on our multicultural setting, where 5 per cent of the population is of Asian origin and possesses skills that are of great value to our efforts.

As Sheila Finestone and I will emphasize during today's launching of the joint Canadian Heritage and Asia Pacific Foundation report entitled *Canada's Hidden Advantage: Asian Canadians*, Asian Canadians contribute knowledge, language skills, business experience and contacts from their countries of origin that are valuable in establishing and strengthening Canada's economic ties with the Asia-Pacific region.

Our government's commitment to fully rounded and forward-looking relationships is marked, I believe, by the creation of a network of

Canadian education centres in the Asia-Pacific. This network, which will be run in association with the Asia Pacific Foundation, will introduce young Asians to the excellence of Canada's education and training facilities. It will establish a base of educational links in the Asia-Pacific that can serve the full range of Canadian economic and political interests.

On peace and security issues in the region, we are at once asserting the Canadian interest and assuming a reasonable share of the responsibility by supporting the non-governmental Canadian consortium on Asia-Pacific security, by actively participating in the development of official regional security and by encouraging policies and activities.

What counts in building success in the Asia-Pacific is, one, how effectively we weave our activities and policies together to common ends and, two, how effectively we work together: business with government, federal with provincial governments, academic institutions with private sector organizations.

Our tourism promotion will be more effective if we look at infrastructure development and visa requirements at the same time. Our efforts to encourage investment in Canada will benefit from entrepreneurial immigration or technology development. The development of new markets in such sectors as environmental industries, informatics and biotechnology, where Canada has much potential, will benefit from our willingness to engage in co-operation, consultation and joint projects with selected countries; to acquaint them with what we offer; and to build ties with key decision makers along the way.

If we succeed in getting the weave of initiatives right, we will establish a more comprehensive and balanced approach to our regional ties. If we continue the effort to work together effectively, as I firmly believe we can, we will make Team Canada more than a nickname for a visit; it will be an ongoing way of doing business.

In the coming months, we are undertaking a full examination of our priorities in the Asia-Pacific region and of the tools we need to pursue the objectives we set. As part of this process, we will be consulting Canadians across the country. The premise is that a good agenda for Canada and the Asia-Pacific will result from the engagement of all players in its design and implementation. I hope you will join us in the effort. The lower mainland and the province of British Columbia have always led the way for Canada to the Asia-Pacific; we expect we will continue to do so.

Thank you.

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Statement

95/7

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF THE TABLING
IN THE HOUSE OF COMMONS
OF THE GOVERNMENT'S FOREIGN POLICY STATEMENT



OTTAWA, Ontario
February 7, 1995



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HIGHLIGHTS

International relations are no longer the concern of governments alone, but of all Canadian men and women. The Government has kept its Red Book promise to consult Canadians and to give members of Parliament a vital role in developing our foreign policy.

Based on numerous consultations with Canadians and the report of the Joint Committee, and recognizing the need for a flexible and effective foreign policy, the Government has identified three key objectives that will guide its activities on the international scene in the years to come. These objectives are:

- to promote jobs and prosperity;
- to promote our security in a stable international framework;
- to share our values and our culture.

These objectives complement one another and reflect the Government's national priorities.

Canada is in a privileged position to influence change and to benefit from opportunities as we move toward the end of the 20th century. The Government will exercise that influence responsibly to protect and promote Canada's values and interests in the world.

Thank You, Mr. Speaker.

I have the honour of rising in the House today to table the Government's response to the report of the Special Joint Committee Reviewing Canadian Foreign Policy.

Mr. Speaker, my duties as Minister of Foreign Affairs have given me many opportunities to observe the role that our country plays in the world. It had been thought in some quarters that our privileged position on the world stage would be called into question by the end of the Cold War. On the contrary, I am proud to note that our country continues to play an important role, and that the international community's expectations of us have not diminished.

Mr. Speaker, Canada occupies a position of leadership among the open, advanced societies, which are becoming increasingly influential as world power is dispersing and becoming more defined in economic terms.

Canada's geographic location gives it an important advantage as new poles of political and economic power emerge in the Pacific and Latin America.

Canada's cultural heritage gives it privileged access to the anglophone and francophone worlds as well as to the homelands of Canadians drawn from every part of the globe who make up its multicultural personality.

Canada can further its global interests better than any other country through its active membership in key international groupings, for example, hosting the G-7 Summit this year and the APEC [Asia-Pacific Economic Co-operation forum] Summit in 1997.

Canada's history as a non-colonizing power, champion of constructive multilateralism and effective international mediator, underpins an important and distinctive role among nations as they seek to build a new and better order.

Canada, thus, is in a privileged position to influence change and to benefit from opportunities as we move toward the end of the 20th century. The Government will exercise that influence responsibly to protect and promote Canada's values and interests in the world.

Mr. Speaker, the Committee faced an enormous task, and I think that the Government's response had to reflect the depth and quality of the work done by its members.

The Government has kept the promise contained in the Red Book. It has made the development of Canadian foreign policy a democratic process by seeking the participation of Canadians and their members of Parliament.

Both the Joint Committee and the Government recognize that changes on the international scene will speed up rather than slow down. Unfortunately, the financial constraints that we face are not likely to go away in a hurry. Mr. Speaker, a responsible government must thus constantly re-evaluate its strategies openly and clearly, to reflect the interests and concerns of Canadian men and women more effectively. Canadians are increasingly aware that their actions, both individual and collective, have international consequences. The once-clear distinction between national and international affairs is quickly becoming blurred, forcing us to take a broader view of things. The number of stakeholders in foreign policy continues to grow. In short, international relations are no longer the concern of governments alone, but of all Canadian men and women. The Government is thus committed to continuing consultation and to giving members of Parliament a vital role in developing our foreign policy.

Thus, in March 1994, the Government invited Canadians from various walks of life to take part in the first National Forum on Canada's International Relations. I wish to confirm today that we intend to make this forum an annual event. Since our term of office began, we have held five parliamentary debates on key foreign-policy issues. Canadian foreign policy will no longer be developed behind closed doors; all Canadians and their members of Parliament will be involved.

With my colleagues, the two Secretaries of State, and the Minister for International Trade, I held a series of consultations and round tables across Canada. I can tell you that we will continue these consultations throughout our term of office.

Based on numerous consultations with Canadians and the report of the Joint Committee, and recognizing the need for a flexible and effective foreign policy, the Government has identified three key objectives that will guide its activities on the international scene in the years to come. These objectives are:

- to promote jobs and prosperity;
- to promote our security in a stable international framework;
- to share our values and our culture.

These objectives complement one another, Mr. Speaker, and reflect the Government's national priorities.

With regard to our first objective, I would like to begin by saying that the Government is committed to implementing a foreign policy that promotes access of Canadian goods and services to foreign markets. The objective is clear: to defend and increase Canada's prosperity, and to promote jobs and growth by diversifying our economic and trade relations.

In addition, the Government recognizes the growing importance of the major international financial institutions and firmly intends to discuss this with its foreign partners during the G-7 Summit in Halifax in June.

I shall leave the task of providing a more detailed explanation of our objectives in this area to my colleague Roy MacLaren, the Minister for International Trade.

I shall now discuss the second objective of our foreign policy: promoting our security in a stable international framework.

Mr. Speaker, the hostile environment of the Cold War kept us from concentrating our efforts on combatting other threats no less real. While the geopolitical upheavals of recent years have greatly reduced the immediate threats to our security, we must now, paradoxically, expand our definition of this concept. Today, security is no longer defined in terms of ideologies or boundaries. Environmental deterioration, massive, uncontrolled migrations, international crime, drug trafficking, AIDS, overpopulation and underdevelopment are the names of today's threats. Our security requires a deeper awareness of them.

Canadians are proud of their country's unique contribution to UN peacekeeping operations. Canada will continue to participate in these missions, but our decisions will be subject to specific criteria. As the UN and the regional security organizations have served us well, Canada will continue to serve them well.

Mr. Speaker, this includes identifying the structural problems, weaknesses and shortcomings of these organizations, and working relentlessly toward correcting them. As I announced last September, Canada is working diligently toward improving the efficiency of the United Nations. With this in mind, we are preparing, among other things, a study on the rapid intervention capability of the UN, which we will table in September at the next General Assembly in New York.

The third objective of our foreign policy, Mr. Speaker, is to promote our values and our culture abroad.

A country that isolates itself and fails to project its identity and values beyond its boundaries is doomed to anonymity and loss of influence. Our writers, artists, academics and researchers are the best ambassadors of our identity in all its diversity. They convey the creativity and knowledge essential to the prosperity, development and health of our country. Like our entrepreneurs, they have a product to sell. Like our exporters, they have a market to conquer. And like our business people, they are known for the excellence of their product. For them too, internationalization is essential to success and competitiveness.

The influence of the cultural and educational sectors on our economy is profound. These sectors hold a good deal of potential for Canada, a potential that we must take advantage of. The Government is committed to defending the competitiveness of our cultural industries and of the educational products and services of our universities and colleges, and to helping our artists penetrate foreign markets. To say that we have limited resources is no excuse for abdicating our responsibilities. On the contrary, it is an opportunity to consolidate our efforts and work with other departments and agencies to promote our culture and knowledge abroad.

Vitality in our cultural, academic and scientific interchange is essential to our success in the new knowledge-based world economy; it is also essential to our growth, prosperity and success nationally. In order to remain competitive, our institutions of higher learning, our students, our future workers need to adapt to a profoundly and constantly changing international labour market, to expose themselves to the new technologies, and to master new knowledge.

Mr. Speaker, Canadians know that our problems are insignificant compared to the intolerable situation in which too many of the assistance world's people still live. Official development aid is another important and integral part of our foreign policy, for it strikes at the very roots of conflict and of threats to security. Aid reflects the values of Canadians — values of compassion, co-operation and generosity.

In the Statement we are tabling today, the Government firmly intends to clarify the mandate of CIDA [Canadian International Development Agency], in order to give it a solid objective and clear priorities that will dictate the action it takes. These priorities are six in number:

- to address basic human needs;
- to support the participation of women in sustainable economic development;
- to provide infrastructure services;
- to defend human rights;
- to encourage the private sector; and
- to protect the environment.

It is clear, Mr. Speaker, that these objectives support the three main principles of foreign policy that I have just announced, namely the promotion of prosperity, of our security, and of our values.

The Government will encourage and help Canadians to participate in co-operative development, and will take measures to improve the effectiveness of the official development aid program.

In closing, Mr. Speaker, let me say that our country's foreign policy is a source of pride to all Canadians. Our foreign policy aims to bring people together, to dialogue, to build bridges, and to form ties. We must involve the people of Canada and their parliamentarians, non-governmental organizations, universities and cultural groups in the development of foreign policy, if it is to meet their expectations.

The policy that I am unveiling today takes this into account. It is innovative in its receptivity to input from Canadians and from Parliament, and depends on their continued support. It is innovative in its objectives, which are more sharply focussed than before. Economic and trade factors have a primary place in it. Risks to security are looked at in a broad perspective. And it clearly sets out the particular importance given to the promotion of Canadian culture and values.

I conclude by again thanking the Joint Committee for its excellent work, and with the hope that the already well-established dialogue among the Government, the people of Canada and Parliament will continue to bear fruit.

Thank you, Mr. Speaker.

Statement

95/8

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
ON THE OCCASION OF THE TABLING
IN THE HOUSE OF COMMONS
OF THE GOVERNMENT'S STATEMENT
ON CANADA'S FOREIGN POLICY



OTTAWA, Ontario
February 7, 1995



Government
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Mr. Speaker:

A year ago, I rose in this House during the debate that launched the foreign policy review. Today, we conclude the first and most important cycle in what must be an ongoing process of creative adjustment to a trading world always on the move.

Yet, at least one constant remains. A year ago, I began my speech by quoting from Lester Pearson's 1957 Nobel Peace Prize Lecture, in which he wisely focussed on the central role of free trade in achieving the intimately connected objectives of peace and prosperity. Today, one year later, the results of the foreign policy review reaffirm the enduring strength of that vision.

Trade creates growth and jobs.

Trade, investment and technology flows do not comprise a zero-sum game that produces as many or more losers than winners. Rather, trade, investment and technology together comprise a creative, dynamic process that encourages innovation and provides opportunities for those wise enough to seize them.

Trade rules, if carefully crafted, do not detract from sovereignty, but add to it. International trade and investment rules extend abroad the rule of law. Rules inhibit the ability of those countries with the greatest market power to exercise that power unilaterally for their own narrower benefit. Rules provide greater certainty for producers, encouraging greater innovation and longer-term planning, rather than more speculative activity. A rules-based system permits a unified Canada to occupy a central place in shaping the outcome of that system's continuing evolution.

The foreign policy review drew upon the views of many individual Canadians, non-governmental organizations, the private sector and parliamentarians. In the mid-1990s, there is broad recognition that something fundamental has happened to the global economy. Something is different in our global neighbourhood. There is greater consensus on economic fundamentals; greater competition for market share and quality investment; greater interest in freeing markets through rules-based systems, whether regionally or multilaterally; and greater diversity in the partnerships we can and should use in order to shape the rules to reflect Canadian interests.

The foreign policy review identifies two main objectives for Canadian trade policy. First, Canadians expect us to attract long-term investments while eliminating barriers to our exports of goods and services. In this regard, our objective will be to seek the further liberalization of trade in services and the removal of tariffs and non-tariff barriers, on a reciprocal basis, for all manufactured and resource-based products. At the same time, we shall work for further liberalization of trade in

agricultural products, including the elimination of barriers to our important agricultural exports and a prohibition of export subsidies. The era of the tariff is finally over. We must get on with addressing other, more pressing and difficult issues that distort business decisions about where and how to invest, to the detriment of smaller economies such as that of Canada.

Second, Canadians expect us to work closely with business and workers, not only to ensure that the rules we are negotiating underpin growth and job creation, but also to encourage our transformation from being a trading nation into a country that can proudly and fairly portray itself as a nation of traders. The Government has re-evaluated in depth its trade development programs with a view to increasing significantly their impact and relevance. I shall return to this theme shortly.

Mr. Speaker, let me briefly outline how the Government intends to move towards these two objectives: the removal of barriers and the attraction of investment; and the further promotion of an export commitment among Canadians.

First, we plan to work with our trading partners to deepen the international rules governing trade, investment and technology to discipline practices that disadvantage Canada.

Foremost in this regard, we must continue to manage effectively the Canada-United States economic relationship. A united Canada has done well in opening the U.S. market, while protecting Canadian sensitivities in such areas as cultural industries and supply-managed agricultural products. The ongoing, effective management of this special relationship requires vigilance and national teamwork to ensure that Canadian interests are defended whenever U.S. regulators or special interests attempt to bend the rules of either the NAFTA [North American Free Trade Agreement] or the WTO [World Trade Organization].

We shall pursue reforms that reduce the possibility of disputes with the United States concerning the issues of subsidies, dumping and the operation of trade remedy laws. We shall seek better access to U.S. government procurement contracts and greater opportunities to compete with regard to financial services.

Multilaterally, we shall remain in the forefront of the work under way to ensure that the World Trade Organization becomes a dynamic force for extending rule making beyond the level achieved in the Uruguay Round. The WTO has an ambitious agenda of negotiations already under way in such areas as financial services, maritime transport and government procurement. There is also considerable unfinished business with regard to trade-distorting agricultural subsidies. These are important issues for Canada.

Moreover, past and present rule making and the increasing internationalization of markets are continually expanding the scope of domestic practices that require the attention of policy makers internationally to ensure that market access gains are not undermined by the use of new instruments to achieve old protectionist ends. The new agenda of rule making will encompass such areas as product standards; antitrust policies and the relationship with anti-dumping reform; the link between environmental and labour standards and trade; and the use of massive subsidies that distort decisions about where companies locate their investments to the detriment of countries such as Canada.

Second, we propose to widen our network of free trade partners to improve market access for Canadian exporters. Over the past year, we have encouraged the expansion of the NAFTA in order to ensure that this Agreement is an outward-looking, dynamic instrument.

Last December, the first stage of our efforts was crowned with success when the Prime Minister was joined by the Presidents of Chile, Mexico and the United States in announcing the beginning of the process that should see Chile become a full member of the NAFTA by late this year or early next year. Accession to the NAFTA, Mr. Speaker, requires a consensus among the three current members. Canada worked hard to achieve that consensus on Chile.

We also intend to build on this success to meet the challenge identified in the Miami Summit of the Americas of constructing a Western Hemisphere free trade area by the year 2005. During last month's visit to South America, the Prime Minister launched the process of consultations that will take us farther in that direction, by proposing the initiation of discussions with the Mercosur countries with a view to integrating Mercosur and the NAFTA. We intend to build realistically and vigorously from this starting point.

Mr. Speaker, we shall also pursue the widening of freer trade through encouraging and participating in negotiations leading to accession to the World Trade Organization by several major economies that currently operate on the margins of the international trading system. These economies are important players in the global marketplace. They include China, Taiwan, Russia and Saudi Arabia.

Moreover, we shall seek further commitments across the Pacific with our partners in the Asia-Pacific Economic Co-operation (APEC) forum. These economies provide excellent markets for Canadian exporters. They are the source of much of the dynamism driving world growth. Yet, their commitment to the international trading system as measured by their level of acceptance of the obligations of that system is not yet commensurate with the

benefits they derive from it. This must change. Canada will work actively to encourage the necessary commitment, including by pursuing the free trade vision adopted by APEC's leaders during their summit last November in Indonesia.

And then there is Europe, Mr. Speaker. Although our ties of trade are proportionately somewhat less than a generation ago, they remain important. We also enjoy stronger-than-ever investment links across the Atlantic. How, then, do we re-energize the transatlantic economic relationship, building on progress in regional agreements to maintain the dynamic of global trade liberalization? This is a question worth pursuing, whatever the precise answer or mechanism eventually developed to recharge our European links.

Mr. Speaker, while I have briefly outlined several of the key elements comprising the Government's commitment to widening and deepening our network of rules-based freer trade, this effort will have a considerably diminished impact for Canada unless Canadians take full advantage of the access secured through international negotiations.

Rules help to open the door to prosperity and to keep it open. However, rules do not trade. It is companies that trade. Consequently, the Government's third trade-related objective is to rationalize and energize our international business development programs, in light of the foreign policy review and extensive parallel consultations with the private sector and the provinces over the past year.

We shall redouble our efforts abroad to ensure that all our firms receive timely, relevant market information, access to foreign decision makers, and the effective defence of their interests when authorities in other countries do not comply with their international trade obligations.

Domestically, we are committed to extending the "Team Canada" concept to include a more coherent, integrated approach toward co-operation with the provinces in order to help increase the export readiness of Canadian firms.

We are also refocussing federal government assistance to encourage job-rich small and medium-sized companies to enter export markets, while improving their access to export financing by launching greater collaboration between the private banks and the Export Development Corporation.

To facilitate Canada's full involvement in the global, increasingly knowledge-intensive economy, the Government will also foster the acquisition and development of technology by Canadian businesses, in part through their greater participation in international research and development alliances. We shall

also vigorously promote increased awareness among foreign investors of Canada's science and technology strengths.

Finally, we shall also focus more human resources on developing high-growth markets in Asia-Pacific and Latin America, while targeting our efforts in Western Europe more sharply on investment, technology and strategic alliances.

Mr. Speaker, widening the reach of our free trade partnerships abroad, deepening the international rules consistent with Canadian interests, and renewing and recharging our partnerships with business, large and small, and with the provinces — this is the Government's trade agenda. It provides the basis for sustaining growth and job creation in Canada.

Thank you.

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577

Statement

95/9

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO THE 51ST SESSION OF THE UNITED NATIONS
COMMISSION ON HUMAN RIGHTS

GENEVA, Switzerland
February 10, 1995



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Mr. Chairman, ladies and gentlemen:

It is a great honour for me, personally and as a Secretary of State for the Government of Canada, to address this Commission, which has played such a central role in the history of the United Nations.

Since its creation in 1946, the Commission on Human Rights has presided over a fundamental shift in the international norms concerning the behaviour of governments toward their own citizens. In the process, absolute sovereignty has been rendered as obsolete as absolute monarchy.

The International Bill of Human Rights and numerous other instruments elaborated by this Commission have established that the integrity and basic well-being of people in any country are a legitimate concern of all governments. This transformation – the recognition of individuals, as well as states, as subjects of international law – has represented a quantum leap in the evolution of international affairs, and stands as a priceless legacy of this Commission's first half-century's work.

But here, as in most other fields of international law, what remains to be done is the hard part – that is, to ensure effective, timely and universal respect for the human rights norms we have established. Canada sees this as one of the major concerns of our time and as the principal modern-day challenge of the Commission on Human Rights.

Over the past year in Canada, the Government, Parliamentarians, organizations and individuals, from all corners of the country and from all sectors of society, have together conducted a far-reaching assessment of Canada's interests and its place in the world. The considerations I have mentioned – the changing character of international relations, the evolving nature of state sovereignty, and the central importance of basic human values in world affairs – all played a pivotal role in the debate.

This week, the Government presented the conclusions it has drawn from this process, and affirmed that "human rights, good governance and democratic development are universal values that should find central expression in Canadian foreign policy." In the report tabled by Minister of Foreign Affairs André Ouellet in the House of Commons, the essence of Canada's approach was put as follows:

The Government regards respect for human rights not only as a fundamental value, but also as a crucial element in the development of democratic and prosperous societies at peace with each other. The essential challenge is to decide how we can best influence other governments to respect basic human rights. Our ultimate aim is not to punish countries and innocent populations whose governments abuse human rights, but rather to change behaviour and induce governments to respect their people's rights.... Canadian efforts to support human

rights will rely on a variety of means, including dialogue and co-ordinated efforts through multilateral forums.

The United Nations clearly has a central role to play in advancing these ideals. The promotion of respect for human rights is, after all, a UN Charter purpose.

But freedom and democracy command our attention not only as goals in their own right. They are also instruments, indispensable agents of progress towards the UN's other basic aims, in the security, development and humanitarian fields. Through his work on the Agendas for Peace and for Development, the Secretary General has reminded us of the interdependence of the fundamental purposes of the United Nations. Canada agrees with his analysis. And we believe that the implications for our work here are clear: we must ensure that the UN's human rights program serves all of the goals of the organization — peace, freedom and prosperity for all.

Particular responsibility to this end falls upon the new post of High Commissioner for Human Rights, with its broad mandate for promotion, protection, prevention and technical assistance, and for co-ordination of human rights activities throughout the UN system. Canada was honoured to play an active role in the creation of this office and in supporting Mr. Ayala Lasso's response, so early in his tenure, to the unprecedented catastrophe in Rwanda. We commend the High Commissioner on the initial steps taken to launch his operations, and we pledge our continued support for his efforts to meet the tasks ahead.

The responsibility borne by this Commission is no less crucial: we must provide the direction and political impetus needed to give practical effect to the High Commissioner's mandate and to the Program of Action set down by the Vienna World Conference on Human Rights. I would like now to review a few of the directions in which Canada believes the Commission should focus its efforts.

A central preoccupation of Canada's foreign policy is to enhance the capacity of the international community to identify and address potential causes of instability before they lead to violent conflict. Clearly this Commission has a crucial contribution to make in the fields of early warning and preventive diplomacy.

My own travels this past year have made me painfully aware of the direct connection between peace and security and respect for human rights. This is a two-way street: war and civil unrest clearly produce major violations of human rights at the most basic level. This we are reminded of daily by graphic television images of the violence and continued suffering in the former Yugoslavia, or in central Africa — where I will next week attend a conference to consider the plight of some two million refugees of the tragedy in Rwanda.

At the same time, it is often unchecked violations of human rights that lead to such tragic conflicts in the first place.

A wealth of valuable information and analysis, which can assist in identifying and responding to early signs of potential conflict, is regularly produced by the Commission's rapporteurs and working groups, and by the committees charged with monitoring human rights treaties. In his opening remarks to this session, the High Commissioner emphasized the potential for progress in this area through improved co-ordination and information sharing and through effective action on recommendations of rapporteurs. Canada will pursue consultations on how to develop this potential, whether through the annual Canadian-led resolutions on mass exoduses and on human rights treaty bodies, or through a new resolution focussed on early warning and preventive action.

Human rights is also fundamental to creating an environment for sustainable development. In this connection I want to commend the Secretary General for the central importance he has accorded to national human rights institutions and systems of democratic and accountable government in his Agenda for Development.

In its foreign policy statement this week, the Canadian government identified human rights and democracy as a priority for its official development assistance program. We will pursue this priority through both bilateral and multilateral channels. And we urge the High Commissioner for Human Rights, in seeking to refurbish the UN's programs in this area, to work closely with those agencies, like UNDP [United Nations Development Program], which are best equipped to deliver effective projects. At a later stage in this session, Canada's Chief Human Rights Commissioner will report on the activities of an international committee of independent human rights institutions. We urge the Commission to support their work.

Mr. Chairman, when it comes to human rights, there can be no second-class citizens anywhere. Clearly, the UN Charter's promise of "human rights and fundamental freedoms for all" will not be fulfilled until the rights and equality of half the world's population are recognized and respected, in law and in practice, in all countries. Over the past two years, Canada has worked closely with other governments and with the non-governmental community to bring the struggle for women's equality and human rights into the mainstream of this Commission's deliberations.

We will continue this enterprise at the present session by introducing two resolutions. The resolution on the integration of women's rights into UN human rights activities should this year provide direction on how the High Commissioner and the various human rights mechanisms of the UN can contribute in practical terms to the success of the Fourth World Conference on Women in Beijing this September.

In a separate resolution, the Commission should give careful consideration to the observations of the Special Rapporteur on Violence Against Women. I want to take this opportunity to congratulate Radhika Coomaraswamy on her first report, which provides an excellent basis for pursuing concrete action to promote respect for the UN Declaration on Violence Against Women.

Mr. Chairman, no country is without its human rights problems, and for my country the plight of its Aboriginal citizens is a matter of particular concern. Since its election in October 1993, the Government of Canada has launched efforts to build with the Aboriginal peoples of Canada a partnership based on trust, mutual respect and participation in the decision-making process. We are also determined to help build stronger, healthier and more self-reliant Aboriginal communities.

This commitment to partnership extends to the work on which this Commission is about to embark, in giving consideration to the Subcommission's proposed "Declaration on the Rights of Indigenous Peoples." Canada has signalled its determination to ensure that those whom the declaration is intended to benefit will have a meaningful voice in the work of the Commission.

We have also emphasized our strong belief that the time has come for this Commission to establish a separate agenda item for consideration of the draft declaration and other international issues of immediate concern to the Aboriginal peoples of Canada and their indigenous brothers and sisters in all parts of the world.

Mr. Chairman, no list of priorities for reform of the UN's human rights institutions would be complete without mention of the working methods of this Commission itself. The Commission on Human Rights is the most important and complex United Nations forum apart from the General Assembly. Yet in recent years, we have all come increasingly to realize that we are not equipping ourselves with everything we need to meet the ever-growing demands placed upon us by the world community.

Most important, we need better preparation; and better preparation requires, above all, more time between the closing of the General Assembly's human rights debate and the start of the Commission. The current six-week interval is clearly insufficient for rapporteurs and the Secretariat to prepare documentation for the Commission, let alone for governments to consider their contents.

Canada therefore urges this session of the Commission to consider urgently this matter and to propose to ECOSOC [Economic and Social Council] a more appropriate timeframe for its meetings on the basis of advice from the High Commissioner and Assistant Secretary-General for Human Rights.

Mr. Chairman, with these remarks, I have outlined but a few of Canada's priorities for strengthening the institutional framework for promoting and protecting human rights. Clearly, the mechanisms at our disposal are imperfect, often fragile, and they require constant nurturing.

But human rights machinery is of no consequence if it is not put to work in addressing real situations of human rights violations wherever they may occur. We cannot allow our activity here to be dismissed as mere academic irrelevancy.

Accordingly, Canada's delegation will participate actively in the Commission's efforts to reach concrete conclusions on a wide range of specific situations.

And in two weeks time, it will contribute in a forthright and constructive fashion to the Commission's annual keynote debate on human rights violations in all parts of the world.

Canada regards that debate not as a matter of interference in the internal affairs of others, but as a common quest for the universal application of standards, which we are all, as members of the United Nations, obliged to respect and promote.

There is clearly scope for improving the basis on which that quest proceeds. Concerns about excessive politicization might, for instance be alleviated, if deliberations on specific situations were based on an objective report by the High Commissioner on the state of human rights worldwide. The work of the many treaty bodies and rapporteurs might afford ample basis for such an annual report. Canada intends to pursue discussions on this idea.

In the meantime, Mr. Chairman, it is our intention to pursue the debate on human rights problems, just as we pursue the need for institutional reform, in a spirit not of confrontation but of solidarity and co-operation.

These are the challenges we collectively face – building our human rights institutions and putting them to work in real-life situations. Daily, we are confronted with stories of human atrocity – defenceless human beings, the elderly, students, children, mothers, fathers – innocents all – tortured, abused, imprisoned, murdered. We must keep faith with the citizens of all of our countries, whose well-being we are pledged by our Charter to serve.

That is both our minimum, and our highest, responsibility: our responsibility to our common humanity.

Thank you.

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Statement

95/10

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE
FORUM ÉCONOMIQUE DE LA RÉGION DE QUÉBEC

QUEBEC CITY, Quebec
February 15, 1995



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Mr. Mayor, Mr. Lavoie, ladies and gentlemen:

It was with great pleasure that I accepted your invitation. The federal government is proud to be associated with a group as dynamic and innovative as yours. I am pleased to note that the Forum économique de la région de Québec has about 400 participants from 25 different economic sectors. The Chambre de commerce et d'industrie du Québec métropolitain indeed is well aware that for regional development to be successful, the largest possible number of players must be brought together.

In this regard, the federal government has always played a facilitating role for regional development – a role of support for development projects throughout the province of Quebec, but of course also in the greater Quebec City region. You are in a position to know that the regional development concept has changed over the years. Thus, certain factors explain the repositioning of the Federal Office of Regional Development – Quebec [FORD-Q] and are leading us, as a government, to review our approach to regional development.

The global economy is now fully integrated. Geographical distance, an issue long at the heart of the regional development debate, is no longer a negative factor. Trade globalization is therefore forcing us to change the traditional view of regional development and to integrate it into the broader framework of a barrier-free market.

The developing countries are rapidly becoming serious competitors in certain areas. The global market's balance of economic powers is changing.

The new global economy will be knowledge-based. Successful economic development now depends on technological innovation, training and ideas.

In this context, the Federal Office's strategic renewal aims at a single major objective: helping our regional entrepreneurs attain their full development potential in the context of the new global economy.

This direction is based on two simple facts: for more than 15 years SMEs [small and medium-sized enterprises], have created, in Quebec and in Canada as a whole, about 80 per cent of new jobs each year. Furthermore, in order to survive and prosper, SMEs must latch on to the globalization of markets.

Last March, FORD-Q accordingly moved to target its initiatives more specifically on the development of SMEs and to direct its interventions to certain active niches: technological innovation, development of markets, implementation of projects to stimulate regional development and support for entrepreneurship.

Our country's prosperity and growth depend on our ability to innovate. Forum participants are well aware that the future economic growth of Quebec and Canada is tied to our ability to innovate and make use of leading-edge technology. The Quebec City area has been taking definite steps in this direction for a number of years. The federal government is proud to have participated in the establishment, in this region, of research institutions in various scientific fields, including the Institut des biomatériaux du Québec, the Institut de recherche du Centre hospitalier de l'Université Laval, and the Institut de recherche de l'Hôtel-Dieu de Québec, not to mention Forintek. The Quebec City area thus has a critical mass of research specialists that is envied internationally. Over the years, the greater Quebec City region has earned a reputation as a major focus of research and development. The federal government's presence in the Quebec City area has led to beneficial economic spinoffs.

In the area of market development, the Government of Canada's goal is to provide entrepreneurs with the tools they need to succeed in a new global context. The establishment of the new World Trade Organization, the NAFTA [North American Free Trade Agreement] and interprovincial trade agreements have opened up new opportunities and challenges that require us to adapt. We must seek urgently to develop markets for our companies. FORD-Q has been given a mandate to deliver the federal government's export support programs to the entire province of Quebec. Last May, the Department of Foreign Affairs and International Trade, Industry Canada and FORD-Q signed a Memorandum of Understanding to promote and increase access to federal government programs and services in the area of international market development. We must identify new markets, but we must also prepare, inform and support our companies through programs and services drawing on the international network of the federal government and its partners.

The Government of Jean Chrétien has set itself a priority task: to stimulate economic growth and employment. International trade is the key to our prosperity. The Prime Minister's trade missions to Asia and Latin America, which were crowned with success, clearly demonstrate our determination. In this regard, the federal government has an important role to play in this regard. It can open doors to businesses, it can break down certain barriers, and it can use its influence and resources to help our companies conquer markets. In short, it is leading a fantastic team — Team Canada.

The new Foreign Policy Statement unveiled by my colleague the Honourable Roy MacLaren, the Minister for International Trade, and me last week is designed to support our efforts to stimulate growth and create jobs in Canada. This new policy will serve the interests of SMEs across Canada. It recognizes their key role in the growth of our economy.

In future years, we must spare no effort to promote the partnership between all economic stakeholders.

We have also begun to take steps in this direction with our partners in the Quebec government and business community. For example, the Centre Info-Entrepreneurs, an information centre for business people, has been opened in Montreal. This centre brings together not only 20 or so federal government departments under the leadership of FORD-Q, but also the Quebec Ministry of Industry, Trade, Science and Technology, and especially the Metropolitan Montreal Chamber of Commerce.

The establishment of the Centre Info-Entrepreneurs is more than a symbolic gesture. It typifies the kind of partnership we must establish in the future. It also affords undeniable proof that such co-operative initiatives are quite feasible and cost-effective for our clients. Herein lies the key to our collective future.

In addition, the federal government has renewed its commitment to respond to the growing demand for this type of services centre in its action plan entitled, *Building a More Innovative Economy*. We plan to increase our investment in such centres by \$15 million yearly. We also plan to involve host organizations such as chambers of commerce and economic councils to an even greater extent.

Another example of federal-provincial-municipal partnership is the Canada-Quebec Infrastructure Program, ratified on February 7, 1994. After one year's operation, we can say "mission accomplished." Indeed, nearly 1600 projects have been registered under this program throughout Quebec. These projects will generate investments of \$1.66 billion and will help to create 21 000 job-years in Quebec. Over the next 12 months, the partnership will continue to help stimulate the economy of all the regions of Quebec.

Finally, right here in the Quebec City region, a partnership between the federal government, the Quebec government, the Société des établissements de plein-air du Quebec, the Quebec Urban Community, the City of Beauport and Hydro-Quebec has made the development project for Montmorency Falls Park a reality. This is another example of the complementarity that the Government of Canada is striving to develop with the Government of Quebec, the private sector and local stakeholders in order to carry out viable projects through which to accelerate Quebec's economic development. In all these cases, the federal government is an active, committed partner seeking to help further Quebec's prosperity.

However, we must realize that there are still obstacles to entering into beneficial partnerships. Not the least of these is overlapping or duplication between organizations.

The federal government has made known its position on this matter a number of times during the past 15 months. Our position can be summarized as follows: let efficiency and co-operation take the place of empty talk and duplication. It is our job to both streamline and improve the operation of programs and services. If there are cumbersome elements in the system, they will be done away with. We are determined to pursue this course in the coming months and years. We plan to increase greatly the initiatives for co-operation and harmonization.

In closing, let me say that the federal government intends to continue its efforts to create a prosperous economic and fiscal climate to promote the vitality of SMEs. My colleague the Honourable Paul Martin, Minister of Finance, is committed to promoting SME development, as his budget will show.

Let me again thank you for your kind invitation. Our course of action is completely in line with the current economic necessities and the needs of our regional economies. I am convinced that our approach is opening up some very stimulating prospects for the Quebec City region: let's take advantage of them together!

Thank you.

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Statement

95/11

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE PHILIPPINE CANADA TRADE COUNCIL



VANCOUVER, British Columbia
February 11, 1995



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Ladies and Gentlemen:

It is indeed a pleasure to be back home in Vancouver and I am grateful for the invitation to address you today on the subject of our commercial relationship with the Philippines.

I had the opportunity to visit Manila in August and meet with President Ramos and several of his cabinet members. I also spoke at the Canadian Chamber of Commerce monthly luncheon, and learned from the members of some of the projects and opportunities that these Canadians are pursuing. What struck me the most about this visit was the marked boom in the Philippine economy, the strength of our bilateral relationship with the Philippines, and the potential for increased Canadian involvement in current and future projects in the Philippines.

The Philippine economy is a rapidly emerging success story. In 1994 the economy grew by more than 5 per cent and the forecast for 1995 is for 5 to 8 per cent growth. Finance Secretary De Ocampo predicts it will be 10 per cent by 1998. At the World Bank and IMF [International Monetary Fund] meetings in Madrid in November, he faced an unfamiliar, if welcome, dilemma. A year ago, he couldn't get a meeting with anyone. This year everyone wanted to arrange meetings with him, to talk about the Philippines!

The country is firmly shouldering its responsibilities on the world stage – and positioning itself for a successful future. The Philippine Congress has ratified the Uruguay Round of the General Agreement on Tariffs and Trade. And the Republic of the Philippines will be therefore a founding member of the World Trade Organization.

The countries of the region are also taking steps to accelerate the removal of trade barriers and strengthen the system of open, rules-based trade. The Asia-Pacific Economic Co-operation [APEC] forum's commitment to trade liberalization in Bogor, Indonesia, last November is a major step forward. The Bogor Declaration calls for free trade by the year 2020, and 2010 in the developed countries of APEC. The Asia-Pacific region will be a major force for economic growth and prosperity at the opening of 21st century.

The Ramos administration deserves credit as the architect of this economic recovery since coming to power in 1992. The evidence of the success of economic reforms is compelling. For example, investor confidence is up. The Philippine stock market rose 125 per cent in 1993 and remained at those levels in 1994.

For me, the most visible example of this was that the water in my mini bar was still cool in the middle of the day! Power outages of 8 to 10 hours a day were costing the country an estimated \$1.5 billion annually in business losses. President Ramos took action. He obtained congressional approval to cut through red

tape and reorganize a variety of government agencies into a single department. He quickly developed a remedial plan and pushed through an accelerated schedule of "fast-track" power plant construction that added 1246 megawatts to national power grids in 18 months and eliminated shortages in less than two years.

When President Ramos and I met in August he clearly expressed his appreciation for the economic ties between Canada and the Philippines. In our discussion the correlation between the needs of the burgeoning Philippine economy and Canadian supply capability became quite clear.

In August I also met President Sato of the Asian Development Bank [AsDB] who noted that Canada is well positioned to participate in the wide-ranging infrastructure demands in the Philippines. The AsDB represents a significant potential market for Canadian business. Many Canadian consulting firms are already aware of the opportunities. The key message I took away from those meetings was how important it is that Canadian companies wanting to do business in the ASEAN [Association of Southeast Asian Nations] region develop good local partnerships.

The Canadian government is doing its part to "pave the way" for easier access to the Philippine market. Last week Canada began negotiations in Manila on a Foreign Investment Protection Agreement, or FIPA, with the Philippines. The FIPA, is a reciprocal bilateral agreement to protect and promote foreign investment between our two countries. It serves to delineate the respective rights and obligations of the signatories with respect to the treatment of foreign investment, and promote a stable investment climate. Many of you in the business community were contacted before we began, to provide us with advice and suggestions about the Philippine investment climate as you have experienced it. We will of course be interested in your ongoing feedback once the FIPA is in place.

We are also working on an Air Services Agreement so that direct air services by Canadian and Philippine carriers can begin. With over 150 thousand Filipinos living across Canada, many of them in Vancouver, we want to ensure direct air links, which will make it easier to travel back and forth. We believe strongly that regular, scheduled flights will be good for business.

Trade, as you all know well, is the breath of life to the Canadian economy. Every \$1 billion in exports sustains about 12 000 jobs. More than one quarter of our GDP is attributable to trade. Canada ranks 31st in the world in population. But we have the eighth-largest economy in the world and the ninth-highest per capita GNP. How did so few of us do so much? Certainly not by only selling to each other.

Canada values highly its trade relationship with the Philippines. In 1993, we enjoyed a two-way trade figure of \$578 million, and it has been growing at about 15 per cent per year for the last two or three years. Philippine imports to Canada are double our exports. But the full extent of Canadian exports is masked by some under-reporting by Statistics Canada due to transshipments through the United States. As well, our considerable service exports are not included in the export data.

Still, Canadians are challenged to find new markets, and opportunities abound to increase our economic activity in the Philippines. Now more than ever, the Philippine market is open for business and Canada has excellent products and services to offer. As part of his sweeping reforms, President Ramos has liberalized what was once a highly restricted marketplace for financial services and opened it up for new investors. At the same time he has broadened the opportunities for those already there.

Two companies which have been active in the Philippines for years are the Bank of Nova Scotia and Sun Life Assurance Company of Canada. Up until recently, Sun Life invested heavily in government paper, partly because T-bill rates were as high as 16 per cent. Now rates are down to 10 per cent, making other investments more appealing.

The Bank of Nova Scotia is interested in setting up a branch network in the Philippines to complement its minority interest in a domestic Philippine bank. Under the new law recently passed by the Philippine Congress, up to 10 foreign banks will be able to start wholly owned operations in the country with up to six branches each. The Toronto Dominion Bank is also hoping to be selected as one of the 10.

Last year almost 600 Canadian business people visited our embassy in Manila looking for business leads or following up on business opportunities. This indicates a strong increase in interest by Canadians. Some of these visitors were part of trade missions in the telecommunications, remote sensing, energy, agri-food, environment, grains, and transportation sectors.

In addition, a good number of our Canadian firms are pursuing capital projects in the Philippines. It is estimated that the Philippines requires investment of more than \$20 billion in infrastructure over the course of the next 10 years if it is to sustain its rapid growth. This includes roads, railways, ports, airports, power generation and transmission, urban water systems, irrigation, urban mass transit systems, environmental protection, schools, hospitals and the rest. The job ahead of the country is truly formidable, and Canadian expertise and equipment can help fill the requirements.

Last week, the Department of Foreign Affairs and International Trade participated in consultations organized by the Canadian International Development Agency [CIDA] across the country to help formulate CIDA's next five-year country program for the Philippines. A clear message emerged from the working groups in all cities, which were comprised of both industry and non-governmental organizations. CIDA should be formulating and delivering its programs increasingly through the existing network of Canadian and Philippine non-government organizations and business associations. The groups also suggested that CIDA co-operate with the Department of Foreign Affairs and International Trade to enhance Canadian investment in the Philippines. There is a good chance that we will fund the placement of an investment expert in the Philippine Board of Investments to advise them on potential Canadian sectors and partners.

Canada has a long history of CIDA assistance to the Philippines. We were one of the first foreign governments to resume aid after the 1986 restoration of the democratically elected government. Our aid to the Philippines amounts to over \$25 million annually, and has remained at this level for several years.

When I met President Ramos last year, I stressed that Canada is eager to build on the economic relationship established by our aid program and carry it forward into the commercial sphere. I stressed our firms' enthusiasm for an active role in the commercial rebuilding of the Philippines. To achieve greater participation, some of Canada's larger companies must pursue the projects that are developing as we speak. Some of these companies are ones such as yourselves, and my department and Canadian ministers intend to bring to the attention of the Philippine government the Canadian expertise and qualifications that make Canadian companies ideal partners in future Philippine development.

Canada continues to enjoy a special bond with the Philippines. Many Filipinos have made Canada their home. And we have excellent commercial ties. President Ramos has received an invitation from Prime Minister Chrétien to visit Canada, and has indicated that he will be pleased to do so once his schedule permits. He also mentioned his support for Quebec City's bid to host the Winter Olympics in 2002. Department of Foreign Affairs Secretary Romulo conveyed to me his interest in seeing the Philippines and Canada work together to host the APEC meetings in the Philippines in 1996 and in Canada in 1997.

All of our activities with the Philippines are meant to advance a diversity of objectives and engage a cross section of our people and talent. Part of my role as Secretary of State is to portray Canada as a partner of quality and value, who is in the game for the long haul, rather than the quick fix. I say this because success in the Philippines, and indeed in the entire Asia-Pacific

region, means a commitment not only over time but across many fields of human endeavour. It covers personal ties between leaders; acceptance of certain responsibilities in areas such as peace, human rights and democratic development; recognition of the value of educational and cultural links; and sharing of experience in specific areas such as research and development, environmental preservation, or other challenges of public policy.

For me, there is a special meaning to the engagement, indeed the mobilization of Canadians of Asian origin in the building of our Asia-Pacific partnerships. Canadians of Asian origin, whether representatives of big companies or entrepreneurs from our dynamic small and medium-sized companies, can contribute to the national effort we need. They will add empathy to our Asia-Pacific ties, the kind of cultural affinity so long of benefit to our North American and European links. Much of our success in realizing our aspirations in business will have to do with the success we have in linking our peoples.

For the past year, I have been doing my part and will continue to do so. I hope you can join me in these efforts.

Thank you.

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Statement

95/12

CHECK AGAINST DELIVERY



**NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO THE REGIONAL CONFERENCE ON ASSISTANCE
TO REFUGEES, RETURNEES AND DISPLACED PERSONS
IN THE GREAT LAKES REGION**

**BUJUMBURA, Burundi
February 15, 1995**



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Your Excellencies, ladies and gentlemen

On behalf of the Government of Canada, I offer congratulations to the OAU [Organization of African Unity] and the UNHCR [United Nations High Commissioner for Refugees] for organizing this conference, and my thanks to the Government of Burundi for hosting it. Of all the issues that confront the Great Lakes Region, the situation of the refugees is the one that merits the closest attention and most urgent action by all the governments and organizations represented here. We also view with urgency the situation here in Burundi given the present circumstances, which could provoke another tragedy similar to that which occurred in October 1993. However the scale of the human tragedy in Rwanda dwarfs the many other humanitarian crises that challenge the international community at this time.

It is the Rwandan people who have suffered most grievously from the genocide, but many of those who fomented ethnic hatred preach the same message from the safety of the refugee camps, a message that would prolong the plight of the refugees, destabilize the countries of origin and asylum, and consign the region to a cycle of instability, war and human tragedy. This must be stopped.

We must commend the countries of asylum – Burundi, Tanzania and Zaire – for receiving the massive influx of Rwandan refugees despite their limited resources and the economic, social and environmental consequences they have had to face. We should remember and reaffirm some principles which can guide the deliberations of the conference:

- Voluntary repatriation of displaced persons and refugees – as those are defined by the UN Convention – is universally recognized as the only feasible and durable solution. We all face a huge challenge to implement the principle.
- However, the principle of voluntary repatriation must not become an alibi for the status quo or become an opportunity for criminal extremists to regroup and resume hostilities. The international community will not be able to sustain the status quo indefinitely.
- All states are accountable for upholding universal standards of human rights – above all, to protect the lives and property of their own citizens. The acts of extremists in Rwanda, in flagrant defiance of this principle, fomented the crisis we now face. Other extremists now threaten similar acts in Burundi, the host country of this conference. Obviously, the solution to the refugee crisis requires that these options be renounced. Instead, there must be an engagement towards good governance and the rule of law which will allow displaced persons and refugees to return home without fear for their safety.
- The larger international community should facilitate the process of finding a solution through its support of the UN High Commissioner for Refugees and the UNHCR's efforts in support of voluntary repatriation.

The international community can also facilitate a solution by encouraging the countries of origin and asylum to develop an orderly plan for the repatriation of refugees. We are gratified by the progress that the Government of Rwanda has already made, through its Operation Retour, in returning displaced persons within its territory to their homes.

Likewise we take satisfaction from Tanzania's initiative to inject momentum into the process by deploying a police force to collaborate with the security forces set up by the refugees. Zaire's willingness to conclude an agreement with the UNHCR to enhance the security of Rwandan refugees in its territory is equally welcome. These steps exemplify the spirit that has been shown in this region to cope with the crisis.

Canada believes we must work to provide incentives to the refugees to return. For us, this has involved:

- Supporting the importance of this conference on refugees;
- Assisting the Government of Rwanda, including helping to restore its operational capacity;
- Supporting the creation of an international tribunal to investigate war crimes committed in Rwanda and to rehabilitate Rwanda's judicial system;
- Supporting the UN Assistance Mission in Rwanda [UNAMIR], through diplomatic efforts, and the provision of Canadian Forces personnel.

We believe, as an additional incentive, that the UNHCR should set up in-transit camps within Rwanda to welcome refugees leaving the camps in the neighbouring countries of asylum. These should be close to the frontier – perhaps 5 to 10 kilometres distant – to facilitate logistics and encourage refugees to embark on the trip. Such camps would facilitate the task of the Rwandan authorities in welcoming the refugees and directing them to their communes and homes. Movement of the refugees to these camps would allow the countries of asylum to begin the process of closing down the camps in their territories.

I have had the opportunity in the last few days to visit victims of this region's conflicts in camps and temporary holding institutions. What we must remember here are the faces of those frightened, innocent victims – women, men, seniors, but especially the children. Our deliberations here in Burundi this week must recognize that nothing takes precedence over assuring these victims and all other citizens of this region that they do have a future here – one of peace, hope and prosperity for all. This focus must hold our attention and inspire our deliberations here in Bujumbura. This conference offers us an excellent point of departure.

Thank you.

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Statement

95/13

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADIAN EXPORTERS' ASSOCIATION



OTTAWA, Ontario
February 22, 1995



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It is impossible to have watched the course of events over the last year without recognizing that something fundamental is happening to the international trading system. The past 12 months have witnessed the birth of NAFTA [the North American Free Trade Agreement] and the World Trade Organization. APEC [the Asia-Pacific Economic Co-operation forum] has agreed — against all predictions only a year ago — to reach free trade among its developed economies by 2010 and among its developing economies by 2020. Not to be outdone, the countries of the Western Hemisphere have set 2005 as their target date for free trade, while Canada, the United States and Mexico have launched immediate discussions for the accession of Chile to NAFTA. At the same time, the European Union has proceeded with its own plans for expansion both northward and eastward.

Few would argue that what we are witnessing is nothing short of a momentous transformation of the world trading system. The myriad of agreements literally breaking out everywhere ensures that our trade policy agenda will be full for years to come.

But, despite our basic commitment to put into place a rules-based international trading system, little will result from our efforts unless companies seize the initiative to capitalize on falling trade barriers. We must pull together our collective talents and resources to exploit fully the trade and investment opportunities offered by the buoyant and emerging markets in Asia and Latin America; the 350 million strong European Union market where our established interests must be revitalized and expanded; and the traditional and rich U.S. market where we must strive to maintain and expand further our market share.

We are on the right course. As recent year-end trade figures showed, we did exceptionally well in 1994. Canadian exports increased by 21 per cent last year, reaching over \$219 billion. Our annual trade surplus totalled \$17 billion, up almost \$8 billion from 1993. With the United States alone, our trade surplus was \$28 billion, more than \$8 billion higher than in 1993. With Japan, we reversed a deficit of \$265 million in 1993 and recorded an impressive merchandise trade surplus of \$1.3 billion.

Enumerating trade statistics, however, tells only half the story. The other half is about how we got there. Our current export success is not attributable to any single cause. Rather, a mix of economic and trade policy initiatives, combined with sustained trade development efforts and a sharper, more competitive business community have put into place the underlying circumstances for our further export growth.

On the trade policy front, we have improved access for Canadian exporters in markets all over the world.

With NAFTA, we further secured our access to the U.S. market. We opened the doors to the growing Mexican market. We strengthened

the rules for investment, trade in services, and government procurement, among others, removing impediments to trade and achieving a greater degree of economic integration. There is still, however, some unfinished business in NAFTA, particularly in the area of trade remedy law. We began, last week, consultations with our NAFTA partners with a view to improving the application of trade remedy laws within our free trade area.

As we do this, we are moving to new measures to make it easier for you to do business across the border. During President Clinton's visit over the next two days, we will sign a new air agreement that establishes the world's largest, most flexible and most competitive aviation services market. We will also develop an action plan within six months to make cross-border travel, trade and tourism easier.

In the multilateral trade negotiations, the Uruguay Round, Canada met or surpassed its goals. While we must now ensure that the new World Trade Organization is up and running, our overriding goal must also be to maximize Canada's share of the projected \$1 trillion growth in worldwide trade that the agreement is expected to generate.

Having said this, I am somewhat puzzled by the results of a recent survey of Canadian business leaders which showed that the vast majority did not know whether the agreement creating the World Trade Organization would have any impact on their business.

Obviously, we must do a better job sharing with the business community what the opportunities are. With this in mind, we are developing information for use by exporters on how to transform our market access gains into tangible business opportunities, with special focus on smaller firms.

As we look into the future, the Americas, Europe and Asia hold out promise of greater gains in market access. We intend to build on our successes in NAFTA to meet the challenge identified by the Miami Summit of the Americas of constructing a Western Hemisphere free trade area by the year 2005. We are also following up the call the Prime Minister made to the French Senate last autumn to revitalize the North Atlantic link through closer trade and economic co-operation with Europe.

And we are working closely with our partners in the Asia-Pacific Economic Co-operation forum to meet the goal set last November to establish free trade by 2010 and 2020.

Cynics would argue that Canada's strong trade performance over the past year was essentially spurred by the position of the Canadian dollar relative to the U.S. dollar. Although this was certainly an important factor in tempting new exporters to enter global markets and in encouraging experienced exporters to seek

new opportunities, something more profound has happened. It would be an oversimplification to attribute our export successes primarily to our low dollar. It would not do justice to the managers and employees of numerous Canadian companies have learned the hard way throughout the recession to become more effective, more productive and more internationally competitive.

It would not do justice, either, to companies, such as those represented by the Canadian Exporters' Association, who are increasingly competent, knowledgeable and street-smart when it comes to international marketing.

Our new Governor General invited us last week to "give good news a chance." Well, exports continued in 1994 to lead our recovery at an unprecedented pace. The tremendous successes of exporters are largely responsible for the robust growth experienced by the Canadian economy. This is good news indeed for all Canadians.

As we underline our recent export successes, I would like to launch the 1995 Canada Export Award competition. This award recognizes the tremendous export achievements of Canadian companies. I am pleased today to invite all qualifying exporters to send in their applications for this prestigious award.

Over the past year, we have consulted extensively with the exporting community on trade promotion issues to ensure that our initiatives meet the needs of exporters. I am particularly grateful for the advice from your Association including the recommendations outlined in your document *Towards a New Cohesive Export Strategy*.

Similarly, we received good advice from the International Business Development Review Committee chaired by Red Wilson and from the many exporters and groups of exporters who participated in the recent Parliamentary Foreign Policy Review. Through these and other fora, exporters told us that they want more discipline, more focus and more efficiency, and a greater reduction in overlap and duplication. We have been listening carefully to what they have been saying. We have already responded with concrete measures and there is more to come.

Over the past year, we have improved market information and intelligence gathering. We have made progress in getting that information to you. We have put the emphasis on assisting job-rich small and medium-sized companies to enter export markets. We have also decided to deploy more trade commissioners to high-growth markets in Asia-Pacific and Latin America.

Together with the provinces and the private sector, we are working to extend the "Trade Team Canada" concept to include a more coherent, integrated approach to international business development. For example, we are reducing duplication through

integration, streamlining and co-ordination of federal and provincial programs and services. We are putting into place better ways to share market intelligence data and to work together to improve the export readiness of companies.

Access to export financing, particularly for smaller firms, is another area where we have invested considerable efforts. Through greater collaboration between the private banks and the Export Development Corporation [EDC], new programs have been developed to provide small and medium-sized companies with access to more credit, on a short-term and medium-term risk sharing basis. The banks are also involved in a program being launched next month to provide bankers with more training in international trade.

Although the banks have made some progress in meeting the needs of exporters, particularly through the joint programs we have put together with them and EDC, they must take a more active role in export financing for small and medium-sized companies and we must see results.

We want to place more focus on small and medium-sized firms, to diversify our commercial relations beyond traditional markets, to build partnerships with the private sector, and to improve co-ordination with the provinces. Our challenge is to transform Canada from a trading nation to a real nation of traders. In doing so, we must ensure that smaller firms are full participants in this process.

Accordingly, we are responding to some of the recommendations of the private sector, as well as to the fiscal reality facing the government, by putting into place a number of important changes to our international business development programs that will make them both more efficient and more cost-effective. The changes, to be effective April 1, include the following:

- First, assistance under the Industry-Initiated part of the Program for Export Market Development [PEMD] will be focussed on companies with annual sales of less than \$10 million and/or less than 100 employees for a manufacturing firm, and less than 50 employees for a services firm.
- Second, the Capital Project Bidding component of PEMD will be focussed on small businesses defined by the same criteria.
- Third, recovered PEMD funds will flow back into the program. New customers will directly benefit from the success of previous PEMD users.

- Fourth, participation in government-sponsored trade fairs will be cost shared. For companies meeting the small business definition, a sliding scale will be used in determining departmental contributions for trade fair participation. All others will participate at their own cost. In this regard, we also intend to put more emphasis on participation in large, strategic international trade shows, complemented to a lesser degree by smaller, regional shows that are high priority.
- Fifth, all participants in government-sponsored outgoing business missions will pay all their own costs.
- Finally, government-initiated international business development programs will be consolidated into one program. Consolidation will help develop an integrated, strategic approach ensuring that limited resources are directed to the markets where the greatest opportunities exist. Over the coming year, we will examine further consolidation of trade programs, including industry-initiated PEMD support.

Other recommendations of Red Wilson's Committee, such as improved export financing support for smaller firms, promoting closer co-operation between the Department and the CIDA [Canadian International Development Agency] Industrial Co-operation Program, and strengthening the Trade Commissioner Service continue to be considered actively.

We have also been working on a comprehensive export strategy for Canada. Last week, I released our export strategy, the *International Trade Business Plan*. The document and the process leading up to it serve to make us more focussed not only in the development of Canada's export strategy but also in the delivery of our international business activities. It reflects a consensus on trade development initiatives reached among 19 federal departments, the provinces, the International Trade Advisory Committee [ITAC] and the Sectoral Advisory Groups on International Trade [SAGITs], numerous vertical and horizontal industry associations, such as the Canadian Exporters' Association, as well as individual companies. Next year, we shall strengthen it further by incorporating the activities of the provinces to an even greater degree and increasing participation by the private sector. Ultimately, the *International Trade Business Plan* should reflect the priorities of Canadian exporters. It will, however, only be as good as the input we receive from the exporting community. I invite you to give us your suggestions for additional improvements.

To complement the *International Trade Business Plan*, we shall develop comprehensive country strategies for key foreign markets on a pilot project basis to ensure the most effective use of scarce government resources. These strategies will integrate the

full range of government policies, instruments and programs. They will draw together the efforts of other federal departments, the provinces and the private sector.

In international trade matters, the role of government is to support the efforts of the business community through trade development programs and policy initiatives that help the private sector take advantage of the opportunities offered by foreign markets.

Trade policy and trade development are therefore the reverse sides of the same coin; one cannot exist without the other. They, in turn, make no sense without the efforts of companies to develop new markets.

We shall accordingly continue to work with you towards widening the reach of our free trade partnerships and taking advantage of the opportunities created. Together with domestic reforms to enhance our international competitiveness, they provide the basis for sustaining growth and job creation in Canada.

As we look to the future and contemplate what tools we can provide the business community to help it further in the new global economy, one overarching reality stands out: the need to reconcile Canada's fiscal reality with the need to remain internationally competitive.

Indeed, I would go further: if we do not take the necessary steps domestically – on debt reduction, social reform, and government restructuring – to make Canada more competitive, no number of trade agreements or trade development tools will secure Canada's economic future. That fundamental challenge we shall meet with next Monday's budget.

Thank you.

Statement

95/14

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE LLOYD AXWORTHY,
MINISTER OF HUMAN RESOURCES DEVELOPMENT,
TO THE WORLD SUMMIT FOR SOCIAL DEVELOPMENT



COPENHAGEN, Denmark



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Community has been defined as the place where people prevail. We have come together this week as an international community to find ways in which people can prevail at a time of profound transformation in the way they work and live. The impact of the new economy on people's lives is profound and far-reaching.

It is an economy in which capital moves around the world in microseconds, often at the behest of pre-programmed computers. It is one in which technology is replacing people and information is replacing goods and services as the engine of wealth. It is one in which nations and their governments struggle to keep up with the demands of international capital markets and bond dealers. This level of technological sophistication must be contrasted with the fact that over one half of the world's population have never even used a telephone.

In every country, and among all people, this new economy has created insecurities never before experienced. The nature of this insecurity was eloquently captured in a recent article that stated:

The most basic concerns are about working and making a living, about the security of person and property, about the stability in public and private life that allows one to plan for the day after tomorrow and not just from day to day.

Since the end of the Cold War, the international community has recognized that security is no longer defined in terms of arms and military power. Global security has evolved to include the security of people, their right to live in a clean and safe environment, and the opportunity to build a sustainable livelihood for themselves, their families and their communities.

We are gathered here this week as partners: governments, the private, public and voluntary sectors, to consider the impact of the new economy on real human lives. Our task is to explore how we may together reform, restructure and rebuild the communities in which we live. It is clear that with a new global economy, the only way we will address the human factor is through multilateral, multicultural, multidimensional solutions.

The Human Deficit: Unemployment and Poverty

The changing economy has exacerbated three of the greatest social ills of our time: unemployment, poverty and social exclusion. It is no coincidence that these are the three major challenges that this summit seeks to address. Together they constitute the human deficit we must tackle with the same verve and determination that many of us have applied to the fiscal deficit.

In truth, they are two sides of the same coin. Fiscal deficits and debt problems must be addressed if we are to provide for the long-term stability of our respective economies. But any advances on the economic side will be in vain, if we do not simultaneously address the human deficit. In short, social and economic development must go hand-in-hand. Addressing either in isolation is doomed to failure.

In Canada, last week, we began to confront the problem of our fiscal deficit through the introduction of tough targets in our new budget. At the same time, we have begun a fundamental and far-reaching restructuring of our social programs, to ensure that they better meet the needs of Canadians. The point, in other words, is not simply how much money we spend on our programs, but how that money is spent. As the United Nations Development Programme's 1994 *Human Development Report* states: "It is not the level of income alone that matters — it is also the use that is made of this income."

Addressing the Human Deficit: Some Possible Solutions

I would like to focus, for a few minutes, on how Canada is trying to tackle its own human deficit. At the heart of our efforts to meet human needs within the new economy is a belief in the fundamental dignity of work. Thus, the reform of our social programs has one paramount objective: to get people back into the labour market. Five key themes emerge:

Moving from Income Support Alone to Active Employment Measures

While we must continue to provide a level of income support for the unemployed, increasingly we need to move our programs away from simple income support to active measures that get people back to work.

In some cases, this means removing obstacles. For example, the provision of affordable childcare, so single parents — mainly women — may take up a job outside the home. In other cases, it is the provision of a bridge, such as a working income supplement, to get people back into the labour force. In other instances, young people in our Youth Service Corps are working on projects to better the environment, teach literacy and contribute to their community in a multitude of ways.

The Role of Civil Society in Solving the Human Deficit

As technology displaces vast numbers of workers in the government, service and manufacturing sectors, the question we repeatedly face is: Where are the new jobs?

One possible answer lies in civil society, or what might be

called the third sector. There is, in all of our communities, no shortage of work that could be done. At the same time, there are large numbers of unemployed people who are searching for meaningful employment.

The third sector is one key to bringing them together. We must redefine what we mean by work, and then find innovative ways of rewarding workers in this new field of employment by paying them a social wage. We must look at new forms of work distribution, work sharing and community entrepreneurship.

New Ways of Governing — Empowering Communities and Individuals

This puts a premium on re-defining the role of government and its relationship to its citizens. In the new economy in which technology has put increasing power into the hands of the individual, it is clear that old top-down central bureaucratic modes of government will no longer work.

In the broadest possible sense we must ensure that public money is used to "feed people and not bureaucracies." At all levels of government, we must target assistance to those in need as directly as possible, and let them choose their own path to employment.

At the heart of our reforms to Canada's social programs will be a fundamental rethinking and restructuring of our system, to ensure that greater power is given to local communities and individuals. This will be done by shifting both resources and decision-making authority to those closest to the people being served by social programs. Already this has started. As a case in point, my own community of Winnipeg boasts a single-parents' resource centre run by and for single parents.

The Information-Based Economy: Ensuring All Share in the New Wealth

We also must look seriously at the issue of who benefits from the wealth generated by the new economy. There is a sea-change occurring in the underlying basis of Canada's economy and culture. Technology, in the form of fibre optic cables, networks of computer terminals and increasingly interactive television screens, has created an ever-smaller world. An army of people are on-line, engaged in every facet of political, social and economic life.

In Canada and around the globe, technology affords enormous advantages to those who ride its wave. Currently, the top 30 per cent of workers in industrialized countries represent "the new technological aristocracy." The remaining 70 per cent, as Abe Rosenthal described them recently in a *New York Times* column, are "the foundering, searching, angry, anxious people."

Somehow we must ensure that the opportunities offered and wealth created by the new information technologies are shared by all. Tax systems must be brought up-to-date with the new economy. An examination of innovative measures such as the Tobin Tax is required.

Tackling the Human Deficit: The International Dimension

Beyond these national considerations is the global dimension. Increasingly, all countries are dependent on each other for the well-being of their people. Too often the best efforts of a nation state one day are wiped out by movements of capital in the international market the next.

Development co-operation is a crucial element in international social development. Our Overseas Development Assistance (ODA) programs need to meet two key objectives: focussing our resources on reducing poverty and ensuring that available ODA dollars reach people directly.

Canada is a strong supporter of the 20/20 proposal. In fact, as a result of our recent review of foreign policy, we have committed to reaching the target of 25 per cent of ODA for basic human needs.

In addition, we must look again at a fundamental reform of the international financial regime. I am pleased to say today that the Prime Minister of Canada, who will be hosting the Group of Seven meeting in Halifax in June, has put at the top of his agenda a review of the international financial institutions and currency markets to ensure that we have some stability in the system and can protect countries from the types of sudden economic shocks that we have recently witnessed.

It is clear that the solution to these problems can only occur at an international level. We hope that ideas discussed in Halifax will provide a way forward for all countries to meet their economic and social agendas.

This conference, in combination with the UN [United Nations] conferences on children, the environment and development, human rights, population and development, and the upcoming conference on women, are shaping a very important dialogue on the role of the UN.

As it celebrates its 50th anniversary this year, it is timely that we should explore the role of the UN. It is perhaps time, now that the Cold War is behind us, that we focus this multilateral forum on the security of the individual, as much as the nation state.

Conclusion

In conclusion, the new economy has created the human deficit of unemployment and poverty. We are here to address that deficit. If we can ensure the long-term stability of our economies through sound financial planning, and couple that with a government agenda that puts human concerns at the forefront of public policies, we will have moved a long way toward meeting the needs of the new economy and providing a new sense of security for our citizens.

Ultimately, many of these problems will only be solved through multilateral co-operation. I have heard those who say it is impossible for such co-operation to occur. The sceptics doubt the level of political will.

Let me tell them of a young woman I met recently who went back to school and was taking a basic literacy course. After weeks of discouragement, she found herself one day — for the first time — able to help her seven-year-old daughter with her homework. She said it made her believe that you should never be frightened to reach for the moon. Even if you miss you will be among the stars.

Thank you Mr. Chairman.

Statement

95/15

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE INDO-CANADIAN BUSINESS CLUB



NEW DELHI, India
March 14, 1995



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Thank you for your kind introduction. I am honoured to be here today and I want to thank the Indo-Canadian Business Club [ICBC] for presenting me with this opportunity to address you. The vibrancy and enthusiasm that I see here reflect the positive direction of Canada-India relations.

As Canada's Secretary of State for Asia-Pacific, I have visited many countries in this immense and varied region. While this is my first visit to India, what has struck me most this week is the remarkable progress of India's program of free-market economic reforms and the potential this offers for Canadians, who already enjoy such profound historic ties with India.

Those linkages form a strong foundation on which we can build a more mature bilateral relationship across the whole range of activities, with the greatest emphasis being on our mutual economic and commercial opportunities.

We should now be putting all our energy into enhancing this friendly and constructive relationship. You may well ask how this is to be achieved. The answer lies in our commonality of interests, our shared aspirations about the future and our shared membership in the broader community of Asia-Pacific nations.

Canada and India have had diplomatic relations for almost half a century, with a history of bilateral co-operation that predates India's independence. We have been partners in various multilateral fora, including the Commonwealth, United Nations' peacekeeping operations and now the new World Trade Organization. We have enjoyed close bilateral ties in the area of development co-operation since the days of the Colombo Plan.

On the human side, over half a million immigrants have come to Canada from India since the turn of the century. Many Indians have come for higher education (and I hope more students and scholars will come); still many more visit Canada each year for business and pleasure. The Indo-Canadian community has contributed to Canada's rich and diverse cultural, ethnic, and religious mosaic. Canadians of Indian origin, whether representatives of big companies, or entrepreneurs from our dynamic small and medium-sized business sector, can contribute to the national effort we need.

They will add empathy to our Indian ties, the level of cultural affinity so long of benefit to our North American and European links. Much of our success in realizing our aspirations in business will have to do with the success we have in linking our peoples.

The Indo-Canadian community has maintained and nurtured its ties with India, and successive Canadian governments have encouraged this to continue. It is a source of strength for both Canada and India, and provides depth to our relations.

Commercial opportunities will undoubtedly provide the backbone for a new era of Canada-India relations. The visit of Roy MacLaren,

Canada's Minister for International Trade, to India last October with representatives from over 50 companies served to heighten awareness and interest both in Canada and India of the opportunities that exist.

Since that time, provincial ministers from British Columbia and Ontario have visited India to promote Canadian commercial interests. And I draw to your attention the 35 Canadian companies represented with me on this visit.

While some of these Canadian firms are experienced in the Indian market, most are newcomers to this country. Many are small to medium-sized enterprise (or SMEs), which generate most of the new jobs in Canada, and which are the main target of our country's international business development strategy.

Canada and Canadian business have developed greater confidence in long-term engagements here. India's economic liberalization program and its emergence into the broader trading world have contributed to this increased confidence.

The transition has extensive implications for India as a nation and for the sustainability of India's economic development. While we recognize that even positive change can be difficult and that the benefits are not always immediately evident throughout society, Canada continues to strongly support the economic reform program and urges India to stay the course.

This is a message I am sharing with Indian ministers and others whom I am meeting during this visit.

I have every assurance that the forward-looking leaders of the Indian government and business community will continue to press ahead with economic liberalization. Further reforms, transparency and certainty about the rules of the game will be essential to sustaining international business confidence.

As we enter into this new and exciting period in our relationship, we want to capitalize on opportunities for greater Canada-India commercial co-operation.

India's continuing efforts to modernize its infrastructure – especially in the areas of power generation and distribution, telecommunications services, transportation, and environmental protection – present enormous challenges for both countries.

Canadian companies have great expertise in these sectors, which they have successfully marketed around the globe. I invite Indian counterparts to take advantage of this visit to make contact with the companies represented here with me from these sectors. Organizations such as the ICBC can help provide valuable links between Canadian and

Indian business and I salute the interest and commitment of your members in this cause.

Canada and Canadian businesses are, as I have said, interested in developing long-term engagements. Bearing this in mind, we must increase the openings for joint ventures, technology partnerships and direct investment. Through these arrangements, Canadian and Indian businesses will not only successfully penetrate one another's markets, but will jointly exploit opportunities in third markets.

Some honourable mentions need to be cited in this connection: in telecommunications, Bell Canada International's partnership with Tata Industries in bidding for Cellular Mobile Telephone Systems; in printing and publishing, Quebecor and Teledirect's joint ventures with the Tej Bandhu Group to produce telephone directories, including Yellow Pages, in Delhi, Bombay and Madras; and, in consulting engineering services, SNC-Lavalin's partnership with Jaiprakash Industries; and these are only the tip of the iceberg.

In Canada, we have developed a forward-looking strategy known as Focus: India, which will be the cornerstone of our business development efforts. Some of you here today have been involved in the development of this effort. Focus: India is a Team Canada approach that involves federal and provincial governments and, far more important, the private sector. It aims not only to raise Canada's commercial profile in India but to facilitate Canada-India business linkages, sharing technology and expertise with Indian industry.

But this new era in the relationship cannot be limited to commercial exchange alone.

We shall continue to co-operate in areas of sustainable development, we shall embrace the rich intellectual interchange provided by our academic and cultural relations, we shall continue to work together on important issues such as the environment, and we shall continue to work through the Commonwealth and other international organizations to resolve the outstanding issues arising from the New World Order. We must also continue to address the more difficult and sensitive matters related to regional security and human rights in a mature and constructive manner.

I have a firm vision of a very close, mutually rewarding and multi-dimensional relationship between Canada and India in the 21st century.

You have my assurance that the Canadian government is committed to this goal, and that we will strive together to see this happen. Canadians look forward to building partnerships with India as it strides forward to achieve its vast potential.

Thank you.

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Statement

95/16

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE STANDING COMMITTEE
ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE



OTTAWA, Ontario
March 14, 1995



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Thank you Mr. Speaker:

I am very glad to be here among you today and to have the opportunity to speak before the members of the Standing Committee on Foreign Affairs and International Trade. I still remember my last appearance before the Committee, when we were at the beginning of the process to examine Canada's foreign policy.

Since that time, the Special Joint Committee submitted its report, and the Government has responded to its recommendations and issued a Foreign Policy Statement.

If you will allow me, I would like to address five themes today which I believe have a particular interest for the Committee, namely:

- the follow-up to the process of examining Canada's foreign policy;
- the G-7 Summit in Halifax;
- the situation in the former Yugoslavia;
- the situation in Haiti;
- and finally, la Francophonie.

FOREIGN POLICY REVIEW

As part of the Government's commitment to make foreign policy subject to an ongoing review, on February 7 this year, I tabled our Foreign Policy Statement, *Canada in the World*, as well as detailed responses to the recommendations of the Special Joint Parliamentary Committee Reviewing Canada's Foreign Policy.

Canada in the World stresses the importance of Canada's privileged position globally and the opportunities it offers Canadians.

The Statement recognizes that change – economic, political and social – has accelerated since the end of the Cold War and that we must adapt to meet the new challenges posed. At the same time, it emphasizes that our actions are constrained by fiscal limits. The Statement, therefore, establishes three overriding objectives to guide the choices that must be made in this evolving context:

- the promotion of prosperity and employment;
- the protection of our security within a stable global framework; and
- the projection of Canadian values and culture.

I wish to stress that these objectives reinforce each other and are closely interrelated. By strengthening our foreign policy focus at

home, they will also help us to ensure that Canada continues to make its special contribution to global governance and prosperity.

The positive reaction we have received since tabling the Statement confirms that the Government has accurately assessed and appropriately responded to what Canadians told us during the foreign policy review. This reinforces our commitment to continue to involve Canadians broadly in the foreign policy-making process.

We have already taken steps to provide a foundation for the new directions set out in the Statement, for example:

- within the Department of Foreign Affairs and International Trade [DFAIT], a new Bureau for Global Issues has been set up, reporting to an assistant deputy minister who is also responsible for international cultural relations.
- DFAIT and the Canadian International Development Agency [CIDA] have established a co-ordinating committee, chaired by the Deputy Minister of Foreign Affairs, which is looking into systematic policy co-ordination between the two organizations.
- to maintain the momentum of consultation begun during the foreign policy review, DFAIT has held meetings of senior officials and leading non-governmental representatives to shape the new permanent mechanism for foreign policy consultation, research and outreach.
- DFAIT and CIDA are also preparing for the next annual forum on Canada's international relations, to be held in Toronto in May.

The Statement sets out the purpose of Canadian Official Development Assistance [ODA] and, to achieve this purpose, six program priorities. In order to operationalize them, CIDA is now preparing an implementation plan.

The reductions in CIDA's budget announced in the 1995-96 Main Estimates will not affect the ODA commitments in the Statement, which were developed taking into account fiscal constraints.

Similarly, despite DFAIT's contribution to fiscal restraint, through careful reallocation, the Department will continue to be able carry out the priorities and programs identified in the Statement.

HALIFAX SUMMIT

I know the Committee is very interested in the question of reform of international institutions. This question will also be a central focus of the G-7 Summit in Halifax. As host and chair of this year's meeting, we are in a position to shape the agenda to discuss issues of

interest to Canadians. My Deputy Minister, Gordon Smith, and Louise Fréchette of Finance have already spoken to you about the Summit. However, I would like to share some of my thoughts on the Summit with you.

We want to ensure that the international institutions can meet the challenges of the 21st century. As I noted in my speech to the United Nations last fall, we must look for ways to eliminate the overlap of responsibilities and streamline the operations of the international financial institutions and the United Nations.

Such a review of international financial institutions could assist the poorest countries, notably in Africa, by ensuring that increasingly limited aid resources are targeted effectively. Exactly how this should be done is a critical question. Your visit to Washington will be helpful in putting forward new ideas for consideration as we prepare for the Summit. I look forward to hearing the results of your visit.

I also look forward to discussions in Halifax on political issues. Some topics that may be discussed are the reform of the UN and the management of international conflicts and tensions, non-proliferation and "global issues" such as migration and refugees, and terrorism. We will also discuss issues that are current at the time of the Summit. These are difficult to predict but could include the former Yugoslavia, the Middle East, and Rwanda.

THE FORMER YUGOSLAVIA

Allow me now, if you will, to make some comments on the latest developments in the former Yugoslavia.

Above all, the situation remains volatile.

There is a real possibility, especially in Bosnia, that fighting will resume in the spring.

As you know, the Croat government announced in January that it would not extend the mandate of UNPROFOR [United Nations Protection Force] beyond March 31 and that UN forces would have to pull out before the end of June.

Following his meeting in Copenhagen last Sunday with the U.S. Vice President, Croat President Tudjman announced that he is now prepared to reconsider a continued UN troop presence in Croatia. Canada welcomes this announcement.

Indeed, as the Prime Minister explained to a delegation of Croatian Parliamentarians last month, Canada believes that the decision to end the mandate of UNPROFOR in Croatia is a grave error that risks engendering wider conflict.

We hope that the Croatian Serbs will accept this new mandate and that the continued presence of UN troops will be able to prevent a resurgence of hostilities.

We are consulting with the UN and our allies in New York in order to ensure that the new mandate in Croatia is workable and efficient, despite a reduction in the number of troops.

Even if the conflict in Croatia is not rekindled, the conflict could easily resume in Bosnia, where the current ceasefire expires on May 1. We already have indications that all parties in Bosnia are using the ceasefire to prepare for a renewal of hostilities.

The UN, the contact group and the ICFY [International Conference on the Former Yugoslavia] are trying to prevent a renewal of hostilities and to find a comprehensive solution to the conflict in the former Yugoslavia.

The contact group has proposed a plan to Serbian President Milosovic, under which he would receive a reduction in sanctions on the condition that his government recognize the republics of the former Yugoslavia.

My French counterpart, Alain Juppé, has invited Presidents Izetbegovic, Tudjman and Milosovic to a summit with President Mitterrand in hopes of accelerating the peace process. Should the summit be successful, an international conference will follow to build on this development.

The draft bill presented to the American Congress on the unilateral lifting of the arms embargo against the Government of Bosnia remains a concern for this government. In fact, if Congress adopts the Bill this spring and the administration does not veto it, it would result in an escalation of the conflict, and end to the UN's humanitarian mission and the withdrawal of a great number of peacekeeping forces including those of Canada and our key allies.

The military planning for an eventual withdrawal of these peacekeepers is ongoing at the UN and NATO. It is possible that our troops will have to withdraw under difficult conditions, particularly if their departure is due to a resumption of the hostilities.

In this context, Cabinet will discuss later this month the future of Canada's contribution to peacekeeping in the former Yugoslavia. Our options will depend on the evolution of the political and military situation in the field.

Meanwhile, we will liaise closely with the UN, the contact group, our allies and major contributors of peacekeeping troops.

HAITI

When I appeared in front of the Committee last year, I emphasized my determination, as well as the Government's, to enable the return of President Jean-Bertrand Aristide to his rightful post. Since the beginning of the crisis in Haiti, Canada has been a major player. Now that President Aristide has returned, Canada will continue to help Haiti create the necessary environment in which the rule of law can take root.

We recognize the role the military forces of the United States have played in the first phase of re-establishing constitutional order in Haiti. This phase will end on March 31 and, consistent with our commitments, Canada will participate substantially in the United Nations Mission in Haiti [UNMIH]. The civilian police force of UNMIH will be headed by a senior officer of the RCMP. An officer of the Canadian Armed Forces will be the senior staff officer for the military contingent. This is one of the most important files my Department is working on, and I am personally following it very closely.

Since the return of President Aristide, the results of the presence of foreign military and police forces have surpassed our expectations. Violence, particularly that of a political nature, has practically ceased, and in general, Haitians are no longer afraid to speak their minds or to go about their day-to-day business. However, the void left by the virtual disappearance of the Haitian military and police forces has led to a certain amount of banditry. Although we no longer fear the possibility of another coup d'état, we need to be vigilant and to continue the collection of weapons.

At the request of the then exiled Haitian Government, Canada agreed to train a hundred young Haitian expatriates to serve in a future civilian police force. These young people are now in Haiti, where they will receive training on the Haitian justice system while awaiting their assignment. Although Canada is no longer directly responsible for the project, we are following its evolution with keen interest.

I believe that this Canadian assistance is the most direct and most useful support we can offer the Haitian people in order to ensure the establishment of the rule of law in their country.

Canada has also committed itself through a bilateral agreement with the Haitian government to participate in the training of new Haitian police officers, almost the majority of whom have never served in either the army or the police force. Training offered in Regina formed the basis of the course now being given in Haiti. In principle, our commitment to supply 25 trainers will last 18 months, that is, until the end of the first phase of training for 3000 officers. France and Denmark are also involved in this project.

FRANCOPHONIE

The international Francophonie will celebrate its 25th anniversary this year, its principal institution – the Cultural and Technical Co-operation Agency [ACCT] – having been created in Niamey, Niger, in 1970.

La Francophonie, which was originally created as a cultural organization for promoting the French language, has greatly evolved over the 25 years of its existence.

It has now become, like the Commonwealth or the OAS [Organization of American States], a multilateral forum, constituting an important tool for the conduct of our foreign policy.

Beyond its traditional fields of action, la Francophonie has invested heavily, since the Chaillot Summit, in the area of democratization and the protection of human rights. I believe that la Francophonie is ready to take a new and even greater step in its evolution.

Canada now invites la Francophonie to reflect – during a seminar to be held in Canada next September – on what role it should play in collaboration with the UN and other regional organizations in the area of "preventive diplomacy," given the crises that have shaken two of its members, namely Rwanda and Haiti.

In terms of co-operation, it should be noted that of the 45 member countries and two governments participating in la Francophonie, 38 are developing countries, some among the least developed countries of the planet. La Francophonie, and Canada, are already very active in this regard. The Department of Foreign Affairs and International Trade and CIDA are presently engaged in a exercise of review aimed at better co-ordinating our bilateral and multilateral actions in francophone countries.

The next Summit of la Francophonie will be held in early December in Cotonou, Bénin. Canada is participating in the organization of this summit through a financial contribution of \$4 million. More than 75 per cent of this sum will be spent on goods and services in Canada.

I would like to thank the Committee members for their kind attention. I also wish to reiterate my willingness to co-operate fully with the Committee. As I mentioned earlier, our foreign policy review process has not come to an end with the tabling of the Special Committee's report nor the Government's response. It is a process that must continue; I cannot over-emphasize the importance this Government attaches to parliamentary participation.

There are, of course, many other issues that are just as important as those I have addressed here today. I will be glad to answer any questions you may have, or to expand on the topics I have just discussed.

Thank you.

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Statement

95/17

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE NEW SOUTH WALES STATE
CHAMBER OF COMMERCE

"CANADA - AUSTRALIA:
PARTNERS IN THE PACIFIC AND IN THE WORLD"



SYDNEY, Australia
March 13, 1995



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Just over a century ago and not far from here, John Larke, Canada's first trade commissioner to be assigned anywhere in the world disembarked from the *Warimoo*. Mr. Larke's arrival in Sydney marked the commencement of Canada's official trade links with Australia, the centenary of which we are celebrating this year.

John Larke's instructions asked him "to collect information both on the general trading requirements in Australia and specific trade opportunities" and "to promote trade between Canada and Australia in every possible way." His efforts in those early years stimulated trade in a wide range of goods including textiles, cereals and carriage wheels. Larke also played a significant role in the establishment of the trans-Pacific cable which helped bridge the ocean between Canada and Australia. Much has occurred during the intervening century as the relationship has prospered. Much can still be done as we look towards the future as Pacific partners and as partners in the world.

The Canada-Australia trade relationship is built upon the existence of many similarities between us arising from a shared Commonwealth heritage, a common language, similar legal and regulatory systems and comparable federal structures, all cementing the strength of our ties.

Geography has placed us at the antipodes. Despite this, we share a balanced trade relationship now well in excess of \$2 billion annually and growing. The investment connection is also strong. Accumulated Canadian investment in Australia is almost \$5 billion. Australian investment in Canada is approaching \$2 billion.

These figures suggest that Canada-Australia bilateral trade and investment flows are more significant than is generally realized in either country. They also suggest that we may enjoy a relationship that is often taken for granted. Our relationship might even have suffered from benign neglect when our attention was concentrated on adjusting to rapid developments in our respective regions. This can only be detrimental for both of us.

Both as an old Commonwealth partner and as an Asia-Pacific country, Canada seeks to embark with you on a second century of even closer collaboration. Our challenge is to ensure that business opportunities in our respective countries are not overlooked by our business communities in the face of the current excitement over newly-developing markets of Asia. Accordingly, our challenge is to build a renewed, mutually profitable partnership which will help to propel us both into what has been described as "The Pacific Century."

Canada like Australia is a trading nation. The relatively small size of our domestic markets make trade imperative. During the last 10 years, our trade and investment activities have proliferated in an unprecedented way. Our economy is experiencing a fundamental transformation as a consequence.

Only two decades ago, the notion of free trade with the United States – not to mention Mexico and soon Chile – was so alien to trade theology that a Canadian trade minister would have mused about it only at the risk of being labelled a heretic. Today, it is commonplace to talk of an integrated North American economy, an economy based upon not just more intensive trade linkages but on converging infrastructures, common distribution links and an intricate web of cross-border production and investment. Canada-U.S. trade figures illustrate the rapidity with which this integrated economy is evolving. Today, Canada exports more manufactured goods to the United States than are sold in our own domestic market. Today, two-way trade between Canada and the United States is a billion dollars a day, every day of the year. Last year, Canada enjoyed economic growth of 4.8 per cent, with near zero inflation. Record levels of exports have been the main driving force behind this strong growth. Exports now represent a record 36 per cent of our GDP.

Accumulated public debt is a potential impediment and recent budget deficits have been far too high. However, in the February 27 budget, we have unveiled a plan to attack systematically this problem. Relying almost entirely on spending reductions rather than increased taxes, we shall cut our deficit to 3% of GDP in 1996. Subsequently, we expect economic growth to outpace the increase in debt and an ongoing reduction in the debt to GDP ratio.

As part of this future, I see Canada-Australia trade and investment expanding in several directions. With globalization and the advent of innovative technologies, our companies can embark together on new business ventures. Although much of the business between our two countries has traditionally been exporting and importing, we are witnessing the emergence of new methods of doing business, as companies on both sides of the Pacific devise innovative forms of co-operation that meet the challenges of today's international marketplace.

For us, Australia is an attractive market. It is a market that continues to be receptive to Canadian goods and investment, especially in high technology areas such as telecommunications and information processing, aerospace and defence, transport equipment, mining and the environment. Increasingly, Canadian companies, in partnership with Australian companies, or from Australian bases, seek to pursue opportunities in the wider Asia-Pacific region. Firms such as Cognos and Footprint Software have elected to establish their regional headquarters in Sydney. In making Australia their regional base, they join other Canadian companies such as the Moore Group, DMR Group, Northern Telecom and McCain Foods.

Conversely, many Australian companies find Canada both an attractive market in itself and also the ideal gateway to the larger NAFTA [North American Free Trade Agreement] market. More and

more manufactured goods are included among Australian exports to Canada. I wish that many more Australian companies would follow the lead of Australian corporations such as TNT, Mayne Nickless, Western Mining, BHP, CRA, Fosters and AMCOR, in looking to Canada as a base of regional activities within the total North American marketplace.

I do not want to suggest that the relationship has been all sweetness and light. Our contacts with each other have sometimes been flavoured by strong views and, on a few occasions, by frank disagreement. This is not uncommon in any wide-ranging and sophisticated relationship. The key point is that we have been able to bring mutually agreeable resolution to most of our disagreements over the past century, based on shared interests in doing business and in being responsible members of the international community. I am determined to build on our successes and to work with our Australian friends to give a new impetus to our trade relationship.

I also want to build on the policy convergence that exists between Canada and Australia on a variety of international issues. Canada and Australia share similar views on the benefits of an open, rules-based international trading system. Together, we are working to ensure that the World Trade Organization [WTO] becomes a dynamic force for extending rule-making beyond the level achieved in the Uruguay Round. The WTO has an ambitious agenda of negotiations remaining from the Uruguay Round, such as financial services, maritime transport and government procurement. In conjunction with other international organizations, it will also address "new" trade issues such as the link between environmental and labour standards and trade, competition policy, and rules governing direct investment. I look forward to co-operating closely with Australia as we address these issues through the World Trade Organization and in other international fora.

I said a moment ago that much of the history of the Canada-Australia trade partnership lies in our shared British Commonwealth past. The future of our partnership, however, is tied more to our geographical connection as countries of the Pacific Rim and our mutual interest in the enormous economic promise of the Asia-Pacific region. Canada and Australia have much to gain from the success of APEC [Asia-Pacific Economic Co-operation forum]. Canada, like Australia, views APEC as a vital instrument for accelerating economic liberalization throughout this most dynamic of regions. APEC is crucial for a number of reasons. The potential for trade with Japan and the Asian "Tigers" remains far from fully realized. Beyond these countries lies China, an enormous and hitherto closed economy. Its emergence — along with that of India — will unsettle the equilibrium of the international trading system, if not effectively managed.

APEC, moreover, is uniquely placed to bridge both sides of the Pacific. It has the potential, if structured properly, to provide

an interface between two continental economies – a geopolitical buffer ensuring that neither regional integration within Asia nor the extension of free trade throughout the Americas will create a fault line running through the Pacific Ocean.

Last November in Bogor, Indonesia, APEC members firmly committed themselves to free trade. Developed members will attain this objective by 2010, developing members by 2020. The implications would have been unthinkable only a few years ago: within 15 years, we should see free trade between the United States and Japan, free trade between the U.S. and China within 25 years. This will not be achieved, however, solely by good intentions. A process is required. It is clear that a challenging task lies ahead of us. It is essential for APEC to take meaningful steps now to meet its goal of free trade.

APEC economies already provide excellent markets for Canadian and Australian exporters and are the source of much of the dynamism driving world growth. Yet, for many of the countries involved, their commitment to the international economic system as measured by their level of acceptance of the obligations of that system is not yet commensurate with the benefits they derive from it. This situation must change. I know Canada will work actively with Australia to encourage the necessary commitment, not least by working constructively to achieve the free trade vision set out by the APEC leaders last November. There are differences of view on how best to proceed. But Canada would be concerned if we allowed the fulfilment of the collective APEC commitments to be left to individual or unilateral actions alone. Past experience suggests that the prospects for success through this approach will inevitably be limited by the absence of a more structured process aimed at achieving a balance of concessions and benefits.

I hope that we can reach agreement at the APEC summit in Osaka in November on a package of concrete steps, to be taken collectively, towards our common goal of free trade. Canada has no objection to individual economies presenting symbolic unilateral gestures on liberalization at Osaka. Indeed, such actions may be of some limited help in building confidence and momentum, but taken alone unilateral actions fall short of what leaders agreed at Bogor. To be viewed as credible, this year's APEC summit must at a minimum agree on a timetable to commence negotiations on a meaningful package of measures leading to regional trade liberalization as well as to trade facilitation. As chair of APEC in 1997, Canada will be well placed to follow on any such undertaking from Osaka.

The emergence of regional trade blocs such as APEC and NAFTA are seen by some as exclusive and divisive developments. Our own experience with the Canada-U.S. Free Trade Agreement and subsequently NAFTA shows that such groupings can be building blocks, not stumbling blocks, which will ultimately reinforce the global regime centred in the World Trade Organization and

strengthen the global economic system. The Canada-U.S. Free Trade Agreement achieved a deeper degree of trade liberalization than would have been possible multilaterally. Not only did NAFTA extend this structure to Mexico, it also helped catalyze the movement towards free trade in APEC as well as in the Western Hemisphere. A stronger trade relationship with Europe may also result. We are building an architecture of overlapping circles of free trade which, at some point, might even lead to a new trade arrangement that bridges all the blocs – a kind of WTO-plus. In fact, both recent and potential developments in the world trading environment illustrate the momentum currently behind global trade and investment liberalization. How do we maintain this momentum? How do we ensure that the blocs grow in parallel and eventually converge?

Canada, Australia and other like-minded countries have an important role to play. Our policies and actions must promote trade between the blocs and discourage the "us-versus-them" mentality often associated with regional groupings. We must strive for a consensus, one premised on the need for trade liberalization, to advance on an inter-regional – as much as an intra-regional – basis.

Canada and Australia understand from our own bilateral experience the benefits of open and free trade. Canadian and Australian businesses are well positioned to capitalize on the opportunities offered by the reduction or elimination of trade and investment barriers worldwide. I need not to remind this audience of the importance for every business to be ahead of its competition. Today, the challenge is to seek long-term strategic investments and partnerships in key markets in order to weave the webs of production and technology that are so central a feature of the global economic landscape.

I invite you – just as I invite your Canadian counterparts – to explore new methods of enhancing our linkages, to seek innovative ways to develop connections that more effectively and competitively bring our products and technologies into the international marketplace. Canadian companies should take a hard look at Australia as a regional base for success in the western Pacific and southern Asia region. By the same token, their Australian counterparts should take the same good, hard look at Canada as the base for success in the Americas. Let's share in the risks and profits of partnership in the Pacific and in the world. This is the challenge and opportunity facing us as we move into our second century together.

Thank you.

Statement

95/18

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE NATIONAL PRESS CLUB OF AUSTRALIA



CANBERRA, Australia
March 14, 1995



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It is impossible to have watched the course of events over the last year without recognizing that something fundamental is happening to the international trading system. Twelve months have witnessed the birth of NAFTA [the North American Free Trade Agreement] and of the World Trade Organization [WTO]. APEC [the Asia-Pacific Economic Co-operation forum] has agreed, against all predictions only a year ago, to reach free trade among its developed economies by 2010 and among its developing economies by 2020 — that is, if any of APEC's members will still be defined as developing in 20 years' time. Not to be outdone, the countries of the Western Hemisphere have set 2005 as their target date for free trade in the region, while Canada, the United States and Mexico have launched immediate discussions for the accession of Chile to NAFTA. At the same time, the European Union [EU] has proceeded with its own plans for expansion both northward and eastward — all the while observing anxiously the dynamism of Asia and the Americas.

So far, many of these initiatives may be seen as little more than statements of good intentions. A sudden downturn in the business cycle, say, or a new trade war, could well dampen enthusiasm for free trade and cast doubt on our best-laid plans. Yet behind the public pronouncements there are more fundamental forces at work. As in the case of the sudden collapse of the Berlin Wall in 1989, trade and investment barriers the world over seem to be crumbling under the weight of their own contradictions. What we may be witnessing today are the birth pangs of a new international economic order — a messy, haphazard scramble toward a system of global free trade.

Something fundamental is happening to the trading system because something fundamental has already happened to the global economy. Semiconductors, fibre optics, satellite communications — these and a myriad of other technological innovations are fashioning a world economy from the bottom up. Countries could always devise ways to prevent grain or steel from crossing borders; they have far less control over the transnational movement of information, know-how or ideas. Yet these are the very "products," if this is the right term, that are now driving the global economy forward at such a breathtaking pace. If "knowledge is power," then one of the defining characteristics of globalization is that this power is more diffuse than ever before. Just as the Soviet Union discovered to its cost that ideas are ultimately unstoppable, we too are discovering, in a less cataclysmic way, that the advent of the knowledge economy is somehow circumventing and diminishing the influence of national governments.

It would be salutary if policy makers could take the credit for constructing this global economy. But the reality is that trade liberalization is following as much as leading the underlying economic trends. Where there is free global movement of capital,

investment and ideas, there must eventually be free movement of production and distribution.

What we are seeing in the expanding web of bilateral, plurilateral and multilateral free trade agreements are the efforts of national governments to come to grips with economies of regional and global proportions. Once trade policy was about regulating commercial relations among national economies, largely through the negotiation of tariffs; now it is about establishing the ground rules of a transnational economy in areas that were once quintessentially domestic: standards and regulations, investment, competition policy and so forth.

This expansion of free trade, moreover, has generated its own competitive momentum. In a world in which national barriers are becoming so many self-inflicted wounds, we are all facing irresistible pressures to keep pace with market liberalization. Countries enter into free trade relations to increase their competitive edge, only to find others joining the race for fear of losing out on investment, technology and market access. The result is a kind of global chess match, one in which bilateral and regional trade initiatives become part of an overall drive to liberalize further and faster – yet the cumulative effect is to advance worldwide free trade. This is not a zero-sum game; it is an ongoing dialectic generating dynamic growth.

Some of this momentum was generated by the original Canada-U.S. Free Trade Agreement [FTA], and the subsequent trilateral agreement with Mexico. The aim was to push forward in such areas as dispute settlement, investment, trade in services, or procurement, where our degree of economic integration seemed to call for a more comprehensive regime of rules and procedures than could be achieved in the larger and slower-moving multilateral arena of the GATT. But in pursuing free trade with our immediate neighbours, we wanted to send a clear signal to our other trading partners that North America was committed to a more open, more structured international economic order, and that we were prepared to leave behind those countries unwilling to move in this direction. Not surprisingly, many of the trade policy advances made in the NAFTA were subsequently reflected in the final outcome of the Uruguay Round of the GATT.

Now it is time for NAFTA to advance again. On one front, Canada is working hard to expand the Agreement to other countries – to widen the circle and to spread the rules. The addition of Chile to NAFTA will represent more than access to a market of 14 million; it will provide us with a critical link with South America, it will push the pace of overall hemispheric integration, and it will help ensure that the NAFTA architecture remains fundamentally open and dynamic. With Chilean accession will come the need to replace the name "NAFTA" with "FTAA" [Free Trade Agreement of the Americas] or some other such acronym, and

this is more than merely a semantic change. It will reflect real progress made toward hemispheric free trade within 10 years. What underpins this overall strategy – deepening the rules as well as broadening the membership – is the central idea that only by moving forward will NAFTA remain a building block, rather than a stumbling block, for eventual global free trade.

The dynamic we have created with NAFTA – and now with the Western Hemisphere free trade area – was one of the factors that led to the APEC initiative. Yet here too regionalism is developing its own momentum. APEC's commitment to trade liberalization in Indonesia last November is nothing short of revolutionary: free trade between the United States and Japan in 15 years; free trade between the United States and China in 25. Indeed, the very dynamism of the Asian economies gives APEC a special significance. This region has become the focal point of immense shifts in the global economy. Beyond the continued and rapid growth of Japan and the "Asian Tigers," the region is the cradle for the emergence of two enormous and hitherto closed economies: China and India. More quickly, I suspect, than most realize, their emergence will send shock waves through the global economic system – shock waves that will need to be managed and ultimately absorbed, principally through membership in the new World Trade Organization but also, at least in the case of China, through membership in APEC. This will make the Asia-Pacific region, almost by definition, a key arena in which the trade policy issues of the future will be played out.

APEC is important too because it bridges both sides of the Pacific. Although some may question the ability of two and potentially three economic superpowers – the United States, Japan and China – to co-exist within the same bloc, APEC has the potential, if managed properly, to provide an interface between the two continental economies. It can act as a geopolitical buffer reducing the possibility of creating a fault line through the Pacific by regional integration within Asia or by the extension of free trade throughout the Americas. This role is not unimportant to Canada given our significant interests on both continents. Here too our goal is to keep the momentum building, to push for a broadening and deepening of the architecture, and to ensure that the collective focus is outward and expansive.

This will not be achieved, however, solely by good intentions. A process is required. It is clear that a challenging task lies ahead of us. It is essential for APEC members to take meaningful steps now to meet the goal of free and open trade in APEC.

I know there are differences of view on how best to proceed but Canada would be concerned if we allowed the fulfilment of the collective APEC commitments to be left to individual or unilateral actions alone. Past experience suggests that the prospects for success through such an approach will inevitably be

limited by the absence of a more structured process aimed at achieving a balance of concessions and benefits.

I hope that we can reach agreement at the APEC summit in Osaka in November on a package of concrete steps, to be taken collectively, towards our common goal of free trade. Canada has no objection to individual economies presenting unilateral gestures on liberalization at Osaka. Indeed, such actions may be of some limited help in building confidence and momentum, but taken alone unilateral actions fall short of what leaders agreed at Bogor.

To be viewed as credible, this year's APEC summit must at minimum agree on a timetable to commence negotiations on a meaningful package of measures leading to regional trade liberalization as well as trade facilitation. As chair of APEC in 1997, Canada will be well placed to follow up on any such undertaking from Osaka. Canada and Australia have much to gain from the success of APEC. We both agree that progress of a substantive and demonstrable nature is essential at Osaka. I look forward to our continuing collaboration with Australia as we move towards our common objective.

An increasingly central issue now is how long Europe – or at least the key economies in Europe – can remain outside this dynamic interplay between Asia and the Americas. Already there are signs that Europe feels itself in danger of being isolated by events outside its borders; hence its recent overtures to explore ways of establishing a closer economic association with Mercosur beyond that offered by the new World Trade Organization.

From a Canadian vantage point, now that Canada has committed itself first to free trade with Latin America and later to free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous. This is especially true since Europe represents an important trade partnership – a partnership, moreover, defined not simply by the traditional exchange of goods and services but by an increasingly intricate web of transatlantic investment and technology.

It is clear that regionalism has helped push the trade agenda forward in a manner and at a pace not easily achieved in the traditional GATT framework, but at some point it is reasonable to ask where all of these disparate paths are leading. Does the rapid expansion of NAFTA, APEC and the European Union signal the triumph of regionalism? Or is expansion itself a sign that the regional blocs must ultimately build toward a more comprehensive trading order? Are we coming to the realization that global firms operating in global markets will sooner or later need global rules? Can we all move further and faster toward free trade – and maintain the dynamic of competitive liberalization –

while avoiding the inherently exclusionary nature of regional blocs?

Sometime in the not-too-distant future we will need to confront the issue of how the various regional blocs interact and how, when rules and structures overlap, an eventual convergence might be orchestrated. In an ideal world, of course, all paths would lead back to the World Trade Organization — and indeed this remains Canada's objective. But at this time it is probably unrealistic to assume that the hundred-plus members of the WTO could, in unison, liberalize sufficiently to catch up with the regional blocs; it would be equally unrealistic to assume that the regional blocs would willingly open themselves up to the rest of the world on a strict most-favoured-nation basis. Not only would this fail to address the issue of "free riders," it might even weaken the competitive dynamic that is helping drive the global trade agenda forward.

There is another approach. Since commitments have been made to free trade in the Americas, free trade in APEC and possibly free trade with Europe, at some point there is potential for a new trade arrangement that bridges all the blocs — a kind of WTO-plus. Membership in such a grouping would depend not on region but on a willingness to commit to more intensive, more comprehensive rules-based trade and investment. One obvious advantage of this approach is that it would iron out many of the complexities of a world of multiple free trade agreements. At a minimum we would go a long way toward ridding ourselves of an increasingly complex patchwork of rules of origin. The continued existence of low tariffs, coupled with rules of origin, impose a transaction cost on cross-border trade out of all proportion to the purported benefits to protected industries. It is time to acknowledge that the era of the tariff is finally over, and to get on with other, more pressing and difficult issues.

But the real virtue of a WTO-plus approach is that it would mitigate the "them-versus-us" mentality associated with regional blocs. Although it would be salutary to think that the world's major economic powers will embrace a universe of free trade with enthusiasm and confidence, I am less than sanguine. There is still strong pressure for governments to be mercantilist, especially in the area of high technology. In a world delineated by regional blocs, there is greater danger that trade competition may dissolve into trade conflict.

A more worrisome aspect of regionalism is the problem of "system friction." Even if we manage to strip away all external barriers to trade, we will still expose societal differences — in legal systems, in financial regulations, in government structures — that in turn shape our economies. It does not require much imagination to realize that even legitimate systemic differences might well be labelled as unfair trade practices by some,

especially when they appear to confer economic advantages. Indeed, already there are undertones of "system friction" in current trade tensions between the United States and Japan. One solution, of course, is to seek greater harmonization, to push nations toward uniform approaches to a variety of economic regulations and systems. Indeed, trade policy has already moved a considerable way in this direction in an effort to root out rules and regulations that serve as little more than hidden barriers to trade. But there are also dangers of travelling too far down a road toward harmonization, of trying too hard to "level the playing field." In so doing, we may well erase the very differences, strengths and innovations – the comparative advantages – that generate a free market. What a sad irony if in the name of greater freedom, including market freedom, we build the scaffolding for the universal homogeneous state.

An alternative is to recognize that economies, like societies, will always differ to some degree, and to try to create the institutions and rules that can allow these differences to co-exist while managing any tensions that may arise. Here perhaps we can learn something from a couple of European ideas: first subsidiarity, the notion that decision making and the administration of rules should be conducted by the level of government closest to the local community; and second the notion of mutual recognition whereby partner countries agree to accept a system of integration in which the rules need not be the same so long as they achieve the same ends. But to reach such a consensus it is clear that the future trade policy agenda will need to advance on an inter-regional – as much as an intra-regional – basis.

I suggested earlier that policy makers certainly cannot take all the credit for the movement toward global free trade. What we can do is ensure that the rules governing this new global reality reflect our mutual interests and are not simply imposed by the larger players. What we have, in other words, is a responsibility for ensuring that the transition to globalization is as fair and equitable as possible. This is not just a statement of principle for Canada; it is a statement of national interest.

Free trade in NAFTA has helped catalyze free trade in Asia, and will perhaps contribute to a stronger trade relationship with Europe – all reinforcing a global regime centred on the WTO.

Australia and Canada are well placed to help construct this new architecture. We, together, played a leading role in advancing the idea of a World Trade Organization in the 1980s. We have been active and creative partners in APEC. But beyond these initiatives, we are committed to an overarching ideal. The notion that the rule of law is the essence of civilization, both within and among nations, is central to our values. Remaining in

the vanguard of those countries working to expand the international rule of law can perhaps be the most important and enduring contribution of Canada and Australia to the new global civilization.

Canada and Australia, as members of the WTO, partners in the Commonwealth and enthusiastic members of APEC, have a strong common interest in promoting world growth, expanding free trade and advancing the rule of international law. By working together, Canada and Australia can make a significant contribution to the achievement of these common goals.

Is the picture I have just painted too optimistic? Perhaps. But then I have reason to be optimistic. Free trade is not just a practical necessity but a guiding ideal. Only if trade among nations is free will we maintain the foundations of political and other freedoms. I believe that the free exchange of ideas and capital, the open exchange of goods and services, and the security of agreed rules and common institutions is the basis of civilized intercourse between nations. And I am amazed by the speed with which the ideal of free trade is being transformed into a global reality. If nothing else, I now fully expect to be amazed in the years ahead.

Thank you.

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Statement

95/19

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE ASSOCIATION OF UNIVERSITIES
AND COLLEGES OF CANADA



OTTAWA, Ontario
March 15, 1995



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Mr. Lajeunesse, ladies and gentlemen, guests:

Let me thank the AUCC [Association of Universities and Colleges of Canada] and its members for their cordial invitation. For some time I have wanted to meet with you and to take stock of the international dimension of higher education. I would also like to share with you a few comments on our foreign policy review. A good number of you testified before the Special Joint Committee. Your comments were greatly appreciated by the Committee and the Government. If you will allow me, I shall begin by situating the role of the universities and colleges in our new foreign policy. I would then like to examine together the possibilities of co-operation that exist between the Government and Canada's universities and colleges. I would be pleased to answer your questions afterward.

Last month, I presented in the House of Commons the Government's response to the recommendations of the Joint Committee along with our new Foreign Policy Statement. *Canada in the World* emphasizes the importance of our special position in the international arena and the opportunities it generates for Canadians. The Statement recognizes that economic, political and social change has accelerated since the end of the Cold War and that we must adapt in order to face the challenges this presents. While recognizing that our actions are limited by the current financial situation, the Government has set three main objectives to guide the choices that must be made against this background of constant change:

- 1) The promotion of prosperity and employment;
- 2) The protection of our security in a stable world environment;
- 3) The projection of Canadian values and culture.

These objectives are clearly interdependent and complementary. I think that Canada's universities and colleges play a unique role. In fact, you are helping to achieve each one of these three objectives. You are training our future labour force, our future entrepreneurs. You are helping to build bridges between people to construct a better world. You are helping to project our identity abroad and to disseminate our values throughout the world. Not many can boast of having such an influence toward achieving these three objectives. Thus the Government sees you as an important partner in its international activities.

We have already taken steps to introduce the new directions contained in the Statement, and you will be interested to know that a new Global Issues and International Cultural Affairs Branch has been created within my department. From now on, International Cultural Relations will be under the responsibility of an assistant deputy minister.

This decision shows the importance that our government places on helping your sector to get our country poised favourably for the new knowledge-based world economy. The Government Statement

recognizes that Canada's international competitiveness rests in large part on how well our next generation of workers can obtain the knowledge, talents and tools required to operate effectively in an increasingly competitive international labour market.

Clearly the international dimension of higher education in Canada must be strengthened for our country to face with vitality the challenges – both human and technological – of the world economy. Thus, we must work together to enable our students to acquire training that is international in scope.

My colleague Lloyd Axworthy, the Minister of Human Resources Development, and I have authorized people in our two departments to engage in negotiations with the European Union, the United States and Mexico to establish two new programs of co-operation in higher education and training. Of course, these programs will involve the universities and colleges. The negotiations are well under way, and we hope to be able to reach an agreement by year's end.

Despite these efforts, I know that our country's investment in international academic relations does not compare with those of our competitors. However, as I said in the House during the tabling of our Foreign Policy Statement last month, a lack of resources is no excuse for abdicating our responsibilities. I asked my department to do everything it could to consolidate the Government's present resources in order to obtain the critical mass required to develop coherent strategies. In addition, I have asked my department to integrate science and technology fully in its international academic relations. Thus we shall reinforce our country's ability to penetrate the international markets and to create the strategic alliances required for the expansion of the scientific community right here in Canada.

I would like to see a greater degree of co-operation among the university community, the private sector and the Government in order to achieve our objectives. The Fulbright program, a program of educational exchanges between Canada and the United States, is a good example of what this type of partnership can achieve.

We must go beyond the traditional question of how we can use the appropriations given to us. More and more, we must find ways of generating revenue. You are well placed to know that there is a great demand internationally for our educational goods and services. The new International Cultural Affairs Bureau will have a division responsible for promoting exports of these Canadian goods and services abroad. This new division will work with you to establish strategies and help you to conquer the international markets. As you know, the Department has already announced its intention to create Canadian Education Centres in Asia with this in mind.

Canada is known for its programs of teaching English and French as second languages. France, Britain and the United States have successfully marketed such programs. Why haven't we? There are tremendous profits to be realized in this - profits that could be used to finance other programs in education and international cultural relations.

The members of the AUCC are all aware of the need to attract a larger number of foreign students. This is a financial imperative for some of you. The presence of foreign students in Canada has important economic spinoffs for our economy. You are facing heavy competition from U.S. institutions, for example. Yet we don't take a back seat to anyone in this regard. Our institutions and programs are among the world's best. Our quality of life is certainly attractive to a good number of foreign students. Our tuition fees are fully competitive. Are there enough foreign students in Canada? Surely not. I think that the time has come to devise a strategy to promote Canada's universities and colleges abroad. However, I would like to be clear on one point: the universities must not enter into strong competition with one another to attract foreign students. A common front must be adopted. The whole country, and not just a few particular institutions, must be the beneficiary.

Canadian universities and colleges are also trusted partners in development. I was pleased to learn that the well-established partnership between the Canadian International Development Agency [CIDA], the AUCC, and the universities and colleges has been reconfirmed recently with the renewal of the Educational Institutions Program in CIDA's Partnership Branch.

Universities possess the skills and know-how needed to contribute to sustainable development. Universities are concerned with the promotion of Canadian values and they are ardent defenders of human rights, social equity and good governance. Universities, in their constant effort toward internationalization, provide ideal opportunities for young Canadians to learn about and get involved in development co-operation.

Our Foreign Policy Statement recognizes the need to involve more Canadians in this field. It also recognizes the need to increase awareness among Canadians of the accomplishments and merits of international co-operation. I trust we can count on the close co-operation of universities and colleges in this regard.

I know that the AUCC wishes to gain access to CIDA's new Open Bidding System. I am pleased to note that preliminary discussions have taken place. We will hold formal consultations in the months ahead and I am confident that we will arrive at some type of understanding soon.

The AUCC is a trusted partner of the Government and I fully intend to continue our unique collaboration. I am pleased to announce today a \$10-million extension to the University Linkage Program with China, with the AUCC as the executing agency. I am also pleased to announce that the consortium formed by the AUCC and the Association of Community Colleges of Canada [ACCC] has been selected as the executing agency for a human resources development program in Tunisia worth \$15 million.

These are hard times for governments and universities. We have all had very difficult decisions to make. I want to ensure you that universities and colleges continue to be our partners. You have a unique role to play in the development and conduct of our foreign and aid policies. We must look even closer at sharing our resources, at pooling our energies, at helping each other achieve our goals. We can't afford to disperse ourselves. We must devise common strategies. We must diversify our partnerships.

I think that our new Foreign Policy Statement gives us the opportunity to do just that.

Thank you.

Statement

95/20

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE
LAHORE CHAMBER OF COMMERCE AND INDUSTRY



LAHORE, Pakistan
March 20, 1995



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Mr. Chairman, distinguished guests, ladies and gentleman:

As Secretary of State for Asia-Pacific, one of my responsibilities is to assist Canada's Minister for International Trade in his efforts to increase business between Canada and the Asia-Pacific region. Accordingly, I am pleased to be in the dynamic city of Lahore and to have the opportunity to address you. As key representatives of the Pakistani business community, you will share with me an awareness of the importance of trade to the well-being of our respective countries.

Trade is the breath of life to the Canadian economy. Every \$1 billion in exports sustains about 12 000 jobs. More than one quarter of our gross domestic product is dependent on trade. While Canada ranks 31st in the world in population, we also have the eighth-largest economy and the ninth-highest per capita gross national product. How did so few of us do so much? Certainly not by selling to each other.

As an Asia-Pacific nation, Canada is fully aware of the dynamic changes taking place in the region. In recognition of these developments, we are committed to developing stronger bilateral and commercial relationships throughout Asia. Significant economic reforms, in particular, are creating greater confidence both in Canada and internationally of the opportunities for doing business in the region.

Before going any further, let me say that Canada values highly the relationship we have enjoyed with Pakistan over the last 45 years. Pakistan has played a useful and constructive role in international issues of direct interest to us such as the environment and the Law of the Sea. As Commonwealth nations, we share a commitment to democracy and the rule of law. We are also founding members of the new World Trade Organization, which recognizes our mutual commitment to a rules-based international trading system.

Through our development assistance programming, Canada has worked with Pakistan to develop its energy, power, agriculture and irrigation capabilities. We have co-operated in areas of medical and business education, rural social development and vocational training, among many others. A large number of these projects have been successfully completed and already benefit Pakistan and its citizens.

More importantly, Canada is home to a large and dynamic community of Pakistani-Canadians who contribute to the richness and diversity of Canadian life. Many have maintained and nurtured strong ties with Pakistan and have helped foster a strong interest in both countries in developing our commercial relations. In fact, several of the companies accompanying me on this visit are headed by Pakistani-Canadians. In Canada, we consider this our "hidden advantage." It is a strength for both Canada and Pakistan, one which provides depth to our relations.

However, as we prepare to enter the 21st century, the time has come for us to begin to fulfil the full potential of our relationship. We must evolve toward a more mature partnership – a partnership that seeks not only to increase our bilateral trade, but to cultivate long-term sustainable linkages between our business communities.

The significant economic reforms undertaken by successive Pakistan governments since 1989 have not gone unnoticed in Canada. Efforts to liberalize private and foreign investment in thermal power generation and the oil and gas, mining and telecommunications sectors are of particular interest to us.

Canadian companies have already begun to take advantage of the new business climate in Pakistan created by these economic reforms. Several Canadian companies have invested millions of dollars in oil and gas exploration and technology transfers in recent years. These firms are helping Pakistan achieve its long-term goal of energy self-sufficiency.

During the last year, Canadian firms have been extremely active in pursuing opportunities in Pakistan. In the last three days alone, Canadian companies have completed the signing of contracts worth in excess of US\$359 million.

To fully grasp the scope of Canadian business activity in Pakistan, permit me to cite a few of the outstanding successes during the last year:

- B.C. Hydro will be the second firm to begin construction of a private-sector power plant. This 115 megawatt power plant valued at US\$150 million will be constructed in Dondhey (near Lahore).
- Raytheon Canada has won a US\$29 million contract to provide troposcatter communications equipment to the National Logistics Cell (a Pakistani government department).
- As part of a consortium including its German parent company, Klockner Stadler Hurter will provide US\$40 million of equipment and services to Fauji Foundation's new fertilizer plant.
- Nova Corp. International is currently working on a US\$2.5 million collaborative project with Sui Northern Gas Pipelines Limited to streamline its operations, strengthen management capabilities and reduce transmission losses.
- Nortech Surveys (Canada) Inc., a multi-disciplinary geodetic services company, has established a joint venture company which provides aerial surveying and position location.

- Portatrain has established a joint venture known as Pak-Can Technology Services which provides technical training for management and maintenance services in the oil and gas sectors.
- Babcock and Wilcox is signing a letter of award today for the supply of equipment and services to a 480 megawatt thermal power plant to be located near Lahore.

As you can see, Canadian participation in the Pakistan economy has diversified from our traditional exports of wheat and coal. Canadian companies have recognized the potential that now exists for exports of high-tech products and expertise, strategic alliances with Pakistan industry and direct investment.

For our part, the Canadian government will continue to support Pakistan's progressive integration into the international economic community. We are also urging the Pakistan government to press ahead with further economic reforms such as the opening of hydro-electric power generation and transmission to the private sector. Canadian companies have world-renowned expertise in this area and firms such as B.C. Hydro, Acres International and Agra Industries stand poised to participate once this policy is finalized.

Further economic reforms will not only sustain Canadian and international confidence in doing business here, but offer tremendous potential for increased co-operation between Canadian and Pakistan businesses. It is with this in mind that I have come to Pakistan accompanied by 40 representatives of Canadian companies — many of whom you met this morning and who are present now.

You, the leaders of Pakistan industry, have been given the scope to be more outward-looking as economic reforms take hold. Thus, I encourage you to learn more about Canadian technological and industrial capabilities. Canadian companies have many of the products, services and technology you need in the telecommunications, energy and power, agri-food and metals and minerals sectors. They have successfully marketed their expertise worldwide and can give Pakistani industry the leading edge. To assist you, our Trade Commissioners here in Pakistan can provide you with information and help you develop strategic contacts with Canadian industry.

More importantly, as we broaden and strengthen our commercial relationship, we cannot and should not ignore the possibilities for strategic alliances between our business communities. Canadian firms are increasingly entering into joint ventures and technology transfer, licensing and equity arrangements with Pakistan industry. They are also investing millions of dollars in projects here. These linkages testify to our long-term

commitment to doing business in the region and will underpin the future of Canada-Pakistan relations.

I have spoken of Canada's desire to realize the full potential of our relationship with Pakistan. I am confident that with continued economic reforms in Pakistan we will see the expansion of our economic relations. But this will not happen by itself. It will require a continued spirit of co-operation between our governments to facilitate increased commercial activity. Above all, it will require imagination, initiative and a concerted effort on the part of our respective business communities to capitalize on the opportunities that exist.

Thank you.

Statement

95/21

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE FIRST CANADIAN CONFERENCE
ON UN REFORM**



**MONTREAL, Quebec
March 24, 1995**



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Mr. Chairman, first of all, let me take this opportunity to thank you for the excellent work that you have done in organizing this conference in conjunction with the 50th Anniversary Committee of the United Nations Association in Canada.

Distinguished guests and participants, Canada has chosen to mark the 50th anniversary of the United Nations in a spirit of celebration and reflection. Canada is one of the most fervent defenders of this organization and of its strengthening by means of a sweeping reform. The contribution made by the UN in peacekeeping, human rights, the environment, health and other areas rightly deserves our heartfelt gratitude. We also have every reason to be proud of the role played by Canadians, who have earned a reputation as world leaders in several sectors of the UN. Yet we cannot help but observe that the UN, which aroused such optimism not so long ago, has been deeply shaken by the impact of recent conflicts. Does this mean that it should be dismantled? Let us instead demonstrate our ability to learn from history, from the successes and failures that we attribute to the UN (sometimes in unequal proportions) in order to ensure the revitalization of this organization, the only one that is truly universal.

A collective process of examination, calling for the participation of both individuals and governments, should continue far beyond the current year, and it must demonstrate vision and generosity in dealing with the basic issues of peace and security as well as development, which are only two aspects of the same problem. However, realism and candour are also necessary when setting the limits of the commitment that governments are willing and able to make.

The exercise begun on the occasion of the 50th anniversary must lead to decisions as to the course that the UN should chart at this crucial point in history, which is marked by uncertainty but also by the hope of finding lasting solutions to the terrible ills of our time. I am pleased that this hope has given rise to so many initiatives, both in Canada and in other countries. In this regard, I wish to note the important contribution made by the Global Governance Commission, which recently published its report.

I am thus very pleased that this conference is being held, and I hope that the proposals for realistic avenues of reform emerging from the discussions will help us to chart the course of the UN, which we so greatly need as a means of peace, security and development as we approach the 21st century.

Those who followed the opening of the 49th General Assembly of the United Nations in September 1994 will remember that Canada defined five key priorities designed to restore the reliability

and flexibility that the UN needs to respond to the problems of today and tomorrow. Briefly, we proposed:

- strengthening the UN's prevention capability;
- conducting an in-depth review of the UN's economic and social activities;
- strengthening its rapid reaction capability;
- strengthening the operation of decision-making institutions; and
- putting the UN on a sound financial basis.

We are actively pursuing this agenda. Allow me to explore in detail some of these priorities.

STRENGTHENING THE PREVENTION CAPABILITY OF THE UNITED NATIONS

Faced with the proliferation of conflicts that have arisen following the end of the Cold War – with origins of unprecedented complexity – the international community has realized that the best and least costly solution lies in a preventive approach. Since security is, more than ever before, a transnational and collective issue, we must deal with the root causes of threats to peace in an integrated, concerted and determined manner. The UN must be a preferred forum for ensuring that, when stability is threatened, the international community can use all of the means at its disposal to prevent a conflict from arising, including a progressive series of diplomatic and military initiatives that are flexibly designed and implemented in a co-ordinated fashion.

I am pleased that the Agenda for Peace has given a genuine impetus to a preventive and proactive approach. For its part, Canada is actively working to build the expanded framework that must be established to respond to changing security requirements, and we are continuing our initiatives within the UN and regional organizations. In both cases, we continue to offer the wide-ranging expertise acquired by Canadians in a number of fields. We are also applying this expertise to the reform process.

Human Rights

For instance, Canada has a long tradition of active involvement within the UN in the area of human rights – a tradition started by John Humphrey, whose memory we honoured a few moments ago. Mr. Humphrey's great personal qualities, his eloquence, his enthusiasm and his vision will continue to guide our efforts. I think that all Canadians are proud of the work done by Mr. Humphrey. Allow me to pay my respects and extend my deepest sympathy to Mr. Humphrey's widow, Mrs. Margaret Kunstler.

We have all become painfully aware of how peace and security are directly related to respect for human rights. More than ever,

the UN needs credible mechanisms to respond to human rights abuses around the world. The appointment of José Ayala-Lasso as High Commissioner for Human Rights is a historic step forward in this regard, and I welcome his presence in our midst today. This week, Prime Minister the Right Honourable Jean Chrétien and I had the opportunity to talk with the High Commissioner and to reiterate Canada's support for him. We mentioned the need to strengthen the key role of the UN's entire human rights system in early warning and prevention of human rights abuses.

Mechanisms for protecting human rights – including the Commission on Human Rights, its special reporters, its working groups, and the committees supervising the application of treaties relating to human rights – regularly produce a wealth of useful analyses and information that can help us to identify the first signs of a possible conflict and to respond accordingly. We must ensure an appropriate link between the work of the High Commissioner and that of the Security Council.

Mr. Ayala-Lasso, I wish to assure you of Canada's unwavering support for your efforts to promote and protect human rights. These efforts are relevant to the activities of the United Nations as a whole, whether they involve peacekeeping, security, preventive diplomacy, humanitarian assistance or development.

Regional Action

When we talk of reforming the United Nations, we must also consider ways and means to strengthen the role of regional organizations in the prevention and resolution of conflicts. For example, the Organization for Security and Co-operation in Europe [OSCE] – formerly known as the CSCE – has developed a number of innovative instruments and mechanisms for addressing the root causes of conflicts, building security through military transparency and confidence-building measures, and promoting human rights and democracy in Europe. Canada will continue to work to enhance the OSCE as a regional complement to the UN's global efforts in peace and security.

Canada is also spearheading a series of initiatives aimed at strengthening co-operation with La Francophonie, the Organization of African Unity [OAU], the Commonwealth and others. A few months ago, the Prime Minister told the French Senate that La Francophonie must strengthen its capacity for political intervention and establish a mechanism for preventive diplomacy. At the Francophone Ministers' Conference in Ouagadougou, I proposed that a meeting be organized and held in Canada, in co-operation with the UN and the OAU, to define a prevention process that would be tabled at the upcoming summit in Cotonou.

If we build on the assets of organizations and the political will of governments, success lies within our grasp. Haiti is a good

illustration of the fact that we can promote peace, democracy and justice even in the most troubled lands. Canada is all the more proud of its role in the Haitian crisis because it unremittingly favoured multilateralism and particularly the involvement of the United Nations in resolving the crisis. On March 31, 1995, the United Nations mission in Haiti, with 6,900 police officers and troops, will officially take over from the multilateral force sent by the Government of the United States. The 100 Royal Canadian Mounted Police officers and the 500 members of the Canadian Armed Forces will play a key role in this truly multinational effort to establish the rule of law in Haiti.

Arms Control

As I said when I spoke to the UN General Assembly in September, any strategy for preventing armed conflict should involve tangible disarmament objectives. The UN is an important global institution for addressing these issues.

The most urgent arms control issue we face today is the future of the Nuclear Non-Proliferation Treaty [NPT]. The NPT is the most important non-proliferation achievement of the last 50 years. Its results are undeniable and the benefits must not be lost. Canada is therefore working very hard to achieve the indefinite extension of the NPT at the Review and Extension Conference next month. Anything less would undermine the treaty's achievements, resulting in greater regional and global instability.

I should emphasize that Canada is also active in other fora to stem the proliferation of nuclear weapons and to promote nuclear disarmament. These include negotiations towards a Comprehensive Test Ban Treaty and efforts to begin talks on a Cut-off Convention to prohibit the production of fissile material for nuclear weapons. I am pleased to announce today that at the meeting of the Disarmament Conference yesterday in Geneva, agreement was reached to initiate negotiations on the Cut-off Convention on the basis of proposals made by the Canadian Chairman, Ambassador Shannon.

While controlling the proliferation of weapons of mass destruction is important, it is conventional weapons that kill and maim innocent civilians every day. One of the most difficult problems we face is the abuse of land mines. Canada wants to see the Convention on Certain Conventional Weapons (which now regulates the international use of land mines) expanded to include civil wars, where the majority of deaths and injuries are caused, and a strong verification mechanism.

As we said in our new Foreign Policy Statement, the Government is concerned by the continued imbalance in much of the developing world between military expenditures and spending on human development. I think we should look closer at this issue.

CONDUCTING AN IN-DEPTH REVIEW OF THE UN'S ECONOMIC AND SOCIAL ACTIVITIES

Let me turn to the Agenda for Development presented by the Secretary-General. Progress on this is essential to overcome the perception of aimlessness and drift on economic matters, of which I spoke to the General Assembly. UN success in the fields of peace and security, human rights, the environment and humanitarian action would otherwise be jeopardized.

We look to the Agenda for Development to do three things. First, it must set out a fresh and human-centred vision of development — one that captures the principles of democracy, respect for human rights, environmental soundness, social priority, and good political and economic governance. The recent World Summit on Social Development is the fourth of five UN Conferences to have focussed the attention of the international community on specific, critical aspects of the Agenda for Development. In Copenhagen, a framework to enhance the relationship between the social and economic agendas of all nations was adopted. While it can not be expected to resolve all issues relating to poverty, unemployment and social integration, it was an important first step. Canada will continue to work with the international community to implement commitments made in the Declaration and Programme of Action.

Second, the Agenda should define the role of the United Nations in the development field and methods for effective co-operation with other organizations, such as the International Financial Institutions [IFIs].

The review of International Financial Institutions is of particular interest to the Prime Minister, and as such, will constitute one of the major themes of discussions at the G-7 [Group of Seven] Summit in Halifax.

Third, the Agenda for Development should accelerate reform aimed at improving efficiency and effectiveness of the UN institutions operating in the economic and social fields, and increasing co-operation among them. In the proper fora, Canada and other countries should be ready to review mandates where necessary to ensure relevance, and duplication and overlap must be eliminated. Policy coherence and co-ordination within the UN system should be improved through a more effective ECOSOC [Economic and Social Council] that discharges, for the first time, its Charter responsibilities for these functions; the autonomy of specialized agencies should not inhibit system-wide approaches to shared objectives.

The first meeting of the Working Group set up by the General Assembly to build on the reports of the Secretary-General took

place in February. The start has been unfortunately slow. The stakes for the UN are high, however, and I remain hopeful that this opportunity for renewal will be seized.

STRENGTHENING THE UN'S RAPID REACTION CAPABILITY

At the 49th General Assembly, I announced the Canadian Study on a UN Rapid Reaction Capability. The study was motivated by Canada's concern that the UN lacked not only political will on occasion, but also the actual capability to respond rapidly to a wide range of humanitarian crises and conflict situations. Rwanda was a conspicuous example but in a conflict-ridden world it was merely illustrative of a more general problem.

The study is looking carefully at what measures, over the short, medium and long terms, are necessary to increase the responsiveness of the UN to emerging crises, to gradually decrease reaction time and to gradually increase effectiveness. This is not only a question of an improved system for predictive analysis and acting on available early warning indicators.

There is a need for a political/military decision-making process that is well informed of the military and technical implications of political decisions. This will require improvements in the current arrangements for full consultations with potential troop contributors.

A closely related issue is that of coherent planning to enable operations to be launched efficiently and in a timely manner once the appropriate political decisions have been taken. The study is therefore examining in some detail the requirements to achieve this capability in the UN Secretariat. This includes questions of strategic airlift and early and effective logistic support.

A crucial element in the whole question of rapid reaction is getting the right people on the scene of a crisis as quickly as possible. The methods and procedures developed over years of conventional peacekeeping are not fully up to this task. The UN needs to be able to deploy a certain minimum-sized contingent to react immediately to an emerging crisis. For the time being, these forces must come directly from member states that hold them at an appropriate degree of readiness. What is perhaps needed, in addition to this, would be a permanent executive or general headquarters, which could conduct continuous basic planning for a wide range of possible contingencies, focussing on operational details. A useful side effect of the existence of such a small body would be the development of common tactical doctrine and associated training standards. This combination of a small permanent planning headquarters and earmarked national units would, in effect, be a UN Vanguard Force, available on very short notice to deploy (perhaps in a preventive way) to the scene of an

emerging crisis. Such an approach could form the basis for the establishment, over the longer term, of a UN Standing Force -- an option that this study is also examining in detail.

In addition, we want to consider whether the possibility of setting up regional training and deployment centres might be feasible to further reduce reaction time and to encourage an active role for regional organizations in support of rapid reaction initiatives.

In order to gain the widest possible benefit from existing international expertise, including that of Canadians, an International Consultative Group of 30 well-known authorities from around the world has been formed. This Group, co-chaired by Sir Brian Urquhart and Nobel Laureate, Professor John Polanyi, comprises academics, accomplished diplomats, government officials and military officers from over 15 countries. Early next month we will be hosting an international conference, to include the members of the Group, where we will discuss these ideas further.

We look forward to announcing the conclusion of this study at the 50th General Assembly of the UN this September.

IMPROVING THE FUNCTIONING OF UN BODIES

Straddling Fish Stocks

We must look at ways of making the United Nations and all its institutions more effective. I would make the argument that Canada's concerns over straddling fish stocks are directly related to this point.

At a time when 70 per cent of the world's fisheries resources are overexploited, fully exploited or depleted, the international community must urgently come to grips with the need to exercise some control over far-too-common predatory practices.

You are no doubt aware of the recent confrontation between Canada and the European Union [EU], and more particularly the Spanish fishing fleet, over Greenland halibut, a straddling stock of the Newfoundland Grand Banks. The incidents that accompanied the dispute are to be deplored, but so are the effects of fishing practices that threaten the very existence of the last remaining commercial fish stock of the area.

At a time when we can see the emergence of a wide consensus on the necessity to conserve dwindling resources for the benefit of mankind, we must ensure through the development of international law that proper remedies are available in such circumstances. The United Nations Conference on Straddling and Highly Migratory Fish Stocks, which resumes March 27, must recognize the urgency

of the problem and must provide new rules that will be binding and enforceable. Freedom on the high seas, like freedom everywhere, must be tempered by common sense and regard for the rights of others. Canada will do its part to promote an early and satisfactory outcome, but all participants must be prepared to do their share.

Security Council Reform

I turn now to reform of the Security Council. Canada attaches overriding importance to the UN Charter's provisions regarding peace and security, and accordingly to the work of the Security Council. As our track record since the foundation of the United Nations demonstrates, we have consistently made multilateralism and the UN cornerstones of both our foreign and defence policies. Moreover, through our commitment to peacekeeping and other activities, we have consistently supported the Security Council's central role in the maintenance of world peace and stability. I can assure you that this role will continue, and indeed that we stand ready to enhance our involvement in questions of international peace and security. I have already announced our candidacy for the Security Council for the 1999-2000 term.

Accordingly, for Canada it is important to encourage reform of the Security Council wherever this is possible, in order to make it a more effective and credible Charter instrument. Helpful progress has been made recently. But Canada wants to ensure that the Council's working methods are further improved, that it becomes more transparent, and that its arrangements for dealing with – and financing – peacekeeping operations (including the essential consultations with the troop contributors) are strengthened and regularized.

It must also be recognized that the make-up of the Council does not adequately reflect the world we live in today. We have to take account of the legitimate, and welcome, desire of numerous member states – small as well as middle and large powers in our much expanded community of nations – to assume increased responsibility and obligations in the management of international peace and security.

In this regard, we have heard a number of proposals to increase the permanent membership of the Council. Some have advocated the addition of two specific new permanent members. Canada has considerable sympathy for their aspirations. Others have proposed the addition of five new permanent members but their lists vary. Some have argued that criteria should be developed in order to determine the choice of candidates, others that regional groups should make such decisions for all new seats or for some of them. Many simply oppose the addition of any new permanent members, or have disputed the claims of one or several possible candidates.

And in the background of this debate looms the question of the veto. Some argue that new permanent members should have the same privileges and responsibilities as the existing permanent members. Others oppose the granting of the veto to new permanent members. Still others accept the granting of new vetoes, but only if the general exercise of the veto is curtailed in some fashion.

These are major differences. With regard to the veto, for example, we have certainly been pleased to note that (for the most part) recently it has not been used. That is a positive development and we hope it continues. But is it realistic to think that existing permanent members are going to formally give up their veto soon?

In short, Security Council reform is a daunting task but a necessary one. We cannot give up even if it takes time to effect solid and helpful change. After all, through the Security Council the world needs to find a way to make better use of those countries that over the years have provided leadership, ideas and resources towards the maintenance of international peace and security.

In conclusion, I would like to thank all of the organizers of this conference and all its participants. Your work and your attendance in such large numbers demonstrate once again, as if any further proof were needed, that there is a great reserve of goodwill, energy and interest in Canada and in other countries for the United Nations. As we prepare to celebrate the UN's 50th anniversary next year, we must call on this reserve to successfully implement the reforms that must be made.

More than ever, the international community needs a strong, credible international institution that is adequately equipped to meet the challenges that face humanity as we approach the 21st century.

I encourage you to continue your reflection. Rest assured that the Government of Canada, the Prime Minister and I firmly intend to forge ahead. Since its creation, the United Nations has been the cornerstone of our foreign policy. The reform of this institution will remain one of the key objectives of our activities.

Thank you for your invitation and your attention.

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- 37

Statement

95/22

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ECONOMIC STRATEGY INSTITUTE,
PACIFIC BASIN ECONOMIC COUNCIL – U.S.
1995 TRADE POLICY CONFERENCE



WASHINGTON, D.C.
March 29, 1995



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Last week the international community finally agreed on a new Director-General for the World Trade Organization [WTO] – three months after the deadline had passed and almost a year after the WTO's triumphant launch in Marrakech.

This inauspicious beginning reflects more than a flawed process to select heads of multilateral institutions – though this is surely a subject worthy of concern. The inability of North America, Europe and Asia to reach agreement on this issue was in many ways symbolic of a more fundamental challenge facing the world economy: how to ensure that the increasingly powerful forces of regionalism – especially among the so-called triad economies – remain building blocks of the broader multilateral order.

For regardless of the great expectations invested in the new WTO, its success will largely depend on the role that the regional blocs choose to play in the months and years ahead.

This is not to rekindle that old and sterile debate about the virtues of multilateralism versus regionalism. If we have learned anything from events of recent years, it is that dynamic, outward-looking regionalism can be a powerful engine of worldwide trade and investment liberalization.

In a world where economic barriers are becoming so many self-inflicted wounds – a sure way of being isolated from increasingly global investment and production decisions – we are all facing irresistible pressure to keep pace with market liberalization. Countries enter into free trade relations to increase their competitive edge, only to find others joining the race for fear of losing out on investment, technology and market access. Bilateral and regional trade initiatives generate their own competitive dynamic – a race to liberalize further and faster – yet with the cumulative effect of advancing the frontiers of worldwide free trade.

Regionalism, far from being antithetical to multilateralism, may be the most direct path to the new global economic order. The Canada-U.S. Free Trade Agreement paved the way for NAFTA [the North American Free Trade Agreement], which in turn prompted the push for hemispheric free trade. Ripples have spread into Asia where APEC [the Asia-Pacific Economic Co-operation forum] has recently committed itself to transpacific free trade.

Meanwhile the European Union [EU] is proceeding with its own plans for expansion both northward and eastward – all the while observing anxiously the dynamism of Asia and the Americas. There are trade strategies at work here, but not in the sense meant by the so-called new trade theorists. This is not a zero-sum game; it is an ongoing dialectic generating dynamic growth.

For Canada, regionalism is not an end in itself; rather, we are encouraging the expansion of regional blocs so that we might eventually supersede them. This is why it is important to keep NAFTA's momentum alive. On one front, we are working hard to expand

the Agreement to other countries – to widen the circle and to spread the rules.

The addition of Chile to NAFTA will represent more than access to a market of 14 million: it will provide a critical link with South America, it will help push the pace of overall hemisphere integration, and it will help ensure that the NAFTA architecture remains fundamentally open and dynamic.

With Chilean accession will come the need to replace the name "NAFTA" with "AFTA" or some other such acronym; but this is more than merely a semantic change. It will reflect real progress made toward hemispheric free trade within 10 years. Equally, we are working to deepen what we have already achieved in NAFTA and to begin the process of negotiating an expanding range of difficult issues.

Of these issues, none is more important to Canada than our efforts, in the two NAFTA working groups, to achieve mutually agreed trade rules that can reduce or eliminate the arbitrary application of trade remedy laws – laws that really have no economic rationale in a free trade area.

What underpins this overall strategy – deepening the rules as well as broadening the membership – is the central idea that only by moving forward will NAFTA remain a building block, rather than stumbling block, for global free trade.

In APEC, too, our goal is to keep the momentum building, to push for a broadening and deepening of the architecture, and to ensure that the collective focus is outward and expansive.

APEC's commitments in Bogor, Indonesia, last November are nothing short of revolutionary: free trade between the United States and Japan in 15 years; free trade between the United States and China in 25. Indeed, the very dynamism of the Asian economies gives APEC a special significance. This region has become the focal point of immense shifts in the global economy.

Beyond the continued and rapid growth of Japan and the "Asian Tigers," the region is the cradle for the emergence of two enormous and hitherto closed economies: China and India. More quickly than most realize, their emergence will send shockwaves through the global economic system – shockwaves that will need to be managed and ultimately absorbed, principally through membership in the new WTO, but increasingly, at least in the case of China, through membership in APEC.

This will make the Asia-Pacific region, almost by definition, a key arena in which the trade policy issues of the future will be played out.

It is clear that regional blocs are driving the trade agenda forward in a manner and at a pace not easily achieved in the more traditional GATT [General Agreement on Tariffs and Trade] framework. Less clear is where all of these disparate paths are leading. Perhaps regionalism will expand seamlessly toward global free trade.

More likely progress will be fraught with difficulties as long as the relationship of the blocs to each other – and to the multilateral system as a whole – remains ill-defined. If regional momentum outstrips the WTO, do we risk creating a vacuum between the blocs?

Are we losing the foundation – in terms of rules and structures – for transatlantic or transpacific discourse? Worse, is our preoccupation with regional architecture blinding us to our wider global interests? In pushing regionalism forward we must be conscious that at some point we will need to confront the issue of how our various blocs interact and how, when rules and structures overlap, an eventual convergence might be orchestrated.

Ideally these and other issues would be resolved in the new WTO – and indeed this remains Canada's fundamental objective. By encouraging an ambitious and forward-looking WTO, we can raise the level of the multilateral order and ultimately render meaningless any notion of regional exclusivity.

After all, in a world of truly free trade, preferential agreements will melt away like the snows of yesteryear.

But at this point, it is probably unrealistic to assume that the hundred-plus members of the WTO could, in unison, liberalize sufficiently to catch up to the regional blocs. It would be equally unrealistic to assume that the regional blocs would willingly open themselves up to the rest of the world on a most-favoured-nation basis.

Not only would this fail to address the issue of "free riders," it might even weaken the competitive dynamic that is helping to drive the global trade agenda forward.

An alternative is to begin to devise ways of bridging the blocs.

It is this need – the need to draw together the regions and to avoid confrontation – that lies behind Canada's recent challenge to the EU to consider free trade with NAFTA.

Now that Canada has committed itself to free trade with Latin America and free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous.

This is especially true since the transatlantic link is already one of the most integrated in the world – a link defined by an increasingly intricate web of investment and technology.

Surely, it should be possible to deepen North America's relationship with Europe more easily and more quickly than with any other region of the world. Indeed, the goal would not simply be to enhance access to each other's markets, but to build upon the dynamism, competitiveness and critical mass of the transatlantic economy – as our Prime Minister has suggested, "to re-energize our economic relationship."

In any discussion of transatlantic trade, there are difficulties that immediately come to mind, not the least of which is the negotiation of agriculture. But why set out to stumble? Why not commit ourselves at the outset to a much larger, more far-reaching undertaking, leaving detailed negotiations to those specific issues on which countries cannot agree?

For a start, we could propose the removal of all industrial tariffs by a specified date, mirroring in many ways the commitments we have already undertaken in various regional fora. Investment is another area where progress might be more meaningful in transatlantic context rather than on a broader, less homogeneous front. Such an approach could also lend itself to ambitious work on a code of conduct defining fair rules of competition.

In fact, an ambitious North Atlantic free trade agreement could provide the core of a new approach to trade and investment liberalization that avoids the inherently exclusionary nature of regional blocs. After all if we can commit to free trade in the Americas, free trade in APEC, and possibly free trade across the Atlantic, at some point there is potential for a free trade agreement that bridges all of the blocs – a kind of WTO-plus. Membership would depend not on region, but on a willingness to commit to more intensive, more comprehensive rules-based trade and investment. By forging a coalition of countries willing to move further and faster toward free trade, North America and Europe would have assumed a leading role in advancing the new global economic order.

One obvious advantage of a WTO-plus is that it would iron out the complexities of a world of multiple bilateral and regional free trade agreements. At a minimum, we would go a long way to ridding ourselves of increasingly complex rules of origin. The continued existence of low tariffs, coupled with rules of origin, impose a transaction cost on cross-border transaction that is out of all proportion to the purported benefits to protected industries.

It is time to acknowledge that the era of the tariff is finally over, and to get on with other, more pressing and difficult issues. But the real virtue of a WTO-plus is that it would avoid the them-versus-us mentality associated with regional blocs.

While it would be salutary to think that the world's major economic powers will embrace a universe of free trade with enthusiasm and confidence, I am less than sanguine. There is still strong pressure

for governments to be mercantilistic, especially in areas of high-technology. Listening to Lester Thurow, one would assume that North America is already engaged in a life or death struggle with Europe and Asia for technological supremacy – a struggle where there will be clear winners and losers and where so-called strategic trade policy will play a major part.

Even those governments that embrace the ideas of Adam Smith often have a rather selective reading of comparative advantage – that it is their destiny to supply the world's high-tech goods and services, while the rest supply cheap labour and raw resources. Although, ironically, it is the knowledge-intensive sectors that are probably least susceptible to government manipulation, this will not stop governments from trying. In a world defined by regional blocs, there is always danger that trade competition may dissolve into trade conflict.

All of this begs a more fundamental question: does the world still have the stomach for trade liberalization? My simple – if not simplistic – answer to this question is that we really have no choice. Trade liberalization is following, as much as leading, underlying economic trends.

Semiconductors, fibre optics, satellite communications – these and a myriad other technological innovations are fashioning a world economy from the bottom up. But while policy makers can take little credit for the movement toward global free trade, we can ensure that the rules and institutions governing this new global reality are not simply imposed by the larger players. What we have, in other words, is a responsibility for ensuring that the transition to globalization is as fair and equitable as possible.

Canada is well placed to help construct this new architecture. We played a leading role in advancing the idea of a World Trade Organization in the 1980s. We have been active and, I hope, creative partners in NAFTA and APEC in the 1990s. We are now seeking new bridges to the European Union.

But beyond these initiatives, we as a country are committed to an over-arching ideal. The notion that the rule of law is the essence of civilization, both within and among nations, is central to Canadian values. Remaining in the vanguard of those countries working to expand the international rule of law is perhaps the most important and enduring contribution that Canada can make to the new global civilization.

Thank you.

Statement

95/23

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NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
BEFORE THE STANDING COMMITTEE
ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE



OTTAWA, Ontario
March 23, 1995



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The Situation in Rwanda and Burundi

The destruction of the Rwandan President's aircraft almost a year ago triggered what may be the worst human tragedy on the continent, with over half a million people killed in the space of a few months, two million people taking flight to the neighbouring countries and nearly as many displaced within the country. United Nations investigation reports now confirm that genocide did occur in Rwanda. Nearly two thirds of the population of this country of seven million people has been massacred or displaced, and for those who remain, the situation has become extremely difficult, since before they were defeated, the former government forces destroyed the infrastructures and then fled with the assets of its central bank.

The situation in neighbouring Burundi is hardly any better. The attempted putsch of October 1993 that took the life of the President resulted in at least 50 000 other victims, and the killings have continued since then. Before the influx of some 284 000 Rwandan refugees, Burundi already had half a million displaced persons within its borders and 184 000 refugees in neighbouring countries.

For some time, the difference in the treatment of refugees as compared to that of displaced persons, who did not enjoy the same advantages, created a good deal of tension. The victory of the Rwanda Patriotic Front (RPF) over the former government forces in Rwanda last July confirmed, in the eyes of the partisans, Tutsi power in Burundi and provoked their intransigent stance against the Hutu majority, which won the first truly democratic elections since independence was gained in 1962. The Tutsi of Burundi are also afraid that Hutu extremists will recruit Rwandan refugees to attack them.

It soon became evident that the Rwandan and Burundian crises were threatening the whole region's stability. In addition to exerting tremendous pressure on the environment and on the already poor local people, the refugees in Tanzania and Zaire have caused serious security problems. The leaders of the former government continue to exercise considerable power over the population of the camps. They are preventing refugees from returning to their homes in Rwanda, through the use of terror. They are diverting humanitarian aid to finance an eventual return to power and are organizing harassment campaigns wherever they can against the new regime. Moreover, when humanitarian organizations like CARE and Doctors Without Borders [Médecins sans frontières] refused to co-operate with those responsible for the genocide and sought UN protection, Secretary-General Boutros Boutros-Ghali was unable to obtain the peacekeeping troops required from UN members to establish order in the camps. Since that time, the UNHCR [United Nations High Commissioner for Refugees] has taken things in hand by concluding agreements on military co-operation with Zaire and Tanzania.

The Regional Conference on Refugees

It was in this context that the OAU [Organization of African Unity] and the UNHCR organized a major conference – the Regional Conference on Refugees, Returnees and Displaced Persons in the Great Lakes Region. The purpose of the Conference, which took place between February 15 and 17, was to make it easier for the refugees to return. It sought to obtain firm commitments on measures to cope with the humanitarian and security problems in the region. The Conference approved certain basic principles such as respect for private property, the right of refugees to leave voluntarily in safety, and respect by governments of the principle of non-refoulement, that is, that refugees must not be forcibly expelled to their country of origin. The Conference adopted an action plan outlining the roles and responsibilities of the countries of origin, the host countries and the international community.

The countries of origin have a fundamental role consisting essentially of creating a climate of confidence to encourage the refugees to return voluntarily. In this respect, the Rwandan government, which has already taken measures in favour of national reconciliation, is being encouraged to continue its efforts. In both Rwanda and Burundi, impunity must no longer be tolerated if having people take the law into their own hands is to be avoided. The national judicial system must be restored. The International Tribunal for Rwanda can play a crucial role through establishing respect for impartial justice and implementing the principle that crimes cannot be committed with impunity. It is essential that innocent people be able to return freely to their country, without fear of reprisals.

As for the host countries, consisting mainly of Tanzania, Zaire and Burundi, they were asked by the Conference to restore public order in the camps and to ensure respect for individual freedoms. In addition, a regional summit held in Nairobi on January 7, 1995, called for the separation of those responsible for genocide and those faultless, which itself is no mean undertaking. As for the international community, the Conference has asked it to promote national reconciliation by contributing to the restoration of infrastructures.

Canadian Participation

It was my task to lead the Canadian delegation to the Bujumbura Conference. In my speech, I reaffirmed the principles that must underlie the work of the Conference, such as the voluntary return of the refugees as a confidence-building measure, while pointing out that the international community would not be able to sustain the status quo indefinitely. I then mentioned the incentives put forward by Canada to encourage the return of the refugees. In addition to helping organize the Conference (we contributed \$50 000), Canada has helped Rwanda to restore its infrastructures and the operating

capacity of its government. We supported the creation of the International Tribunal and will be helping to rehabilitate the judicial system through the efforts of Canadian legal experts and funding from CIDA [the Canadian International Development Agency]. As an additional incentive, Canada encouraged the UNHCR to construct temporary camps in Rwanda to receive the refugees coming from neighbouring countries.

At the Conference, Canada piloted two initiatives adopted by consensus. The first is a letter of support to the President of Burundi, and the second, a declaration supporting the sending of a judicial commission to Burundi to cast light on the events of October 1993. In this regard, Foreign Affairs Minister André Ouellet has just written to the UN Secretary-General forwarding these documents and requesting that he expedite the sending of the international judicial inquiry commission.

The fact that it was possible to hold this conference in the existing climate of violence is something in itself. Extremist elements uncomfortable with a strong international presence did everything they could to prevent it. Not content to call a general strike, they went so far as to fire shots and explode grenades during the Conference. But the international community was not intimidated by these actions, expressing its moral support for the government in place. In some international circles it was hoped that the Conference would be deferred to the end of March for bureaucratic reasons, but Canada insisted it be held earlier, given the urgency of the situation. I personally wrote to the UN Secretary-General's assistant in this regard. I am proud that Canada contributed to the earlier scheduling of this meeting and thus participated in preventive diplomacy measures.

The Canadian Action Plan

Owing to its special ties with the region, Canada got involved in the crisis at its outset. Like its Western partners, Canada first evacuated its nationals, about 200 in number. It then provided humanitarian and food assistance to the people affected by the crisis through NGOs [non-governmental organizations] and international organizations, and contributed substantially to UNAMIR [United Nations Assistance Mission in Rwanda] II under the command of Major-General Roméo Dallaire. During the weeks of massacre, Canada called for action by the UN Commission on Human Rights. At the beginning of the Rwanda crisis, seven Canadians lost their lives. Last October, Father Claude Simard was assassinated under mysterious circumstances. We believe he had compiled information on the massacres prejudicial to the culprits. While I was in Rwanda, the Prime Minister promised me a report on this assassination. In the months following the defeat of the government forces, Canada adopted an action plan to ensure better co-ordination of its activities. Minister Ouellet approved a coherent strategy in August 1994, involving efforts by the Department of Foreign Affairs and International Trade, CIDA and the

Department of National Defence, among others. The strategy comprises the following measures:

1. Appointing Bernard Dussault as Special Envoy to Central Africa with a mandate to advise the government and to promote solutions for the vast array of problems through consultations with the governments of the region, donor governments and regional organizations;
2. Reopening the office of the Canadian Embassy in Kigali, re-establishing an official Canadian presence to monitor events in Rwanda and maintain regular contact with the new government;
3. Intervening in targeted ways in order to obtain faster deployment of UNAMIR;
4. Seeing that the return of refugees, under agreed criteria, remains a priority for our actions by ensuring that the UN's activities do not lead to permanent camps outside Rwanda and by encouraging confidence-building measures;
5. Putting pressure on Zaire to disarm Rwandan soldiers and militias;
6. Contributing to the re-establishment of essential services in Kigali (water, electricity, telephones);
7. Participating in the Bujumbura Regional Conference on Refugees.

Canada was among the first parties to emphasize humanitarian assistance within Rwanda rather than in the refugee camps. Consequently, our field hospital was set up inside the Rwandan border.

At the Ministerial Conference of La Francophonie, held in Ouagadougou last December, Canada played a leading role in getting a declaration on Rwanda approved. We then updated our strategy in preparation for a round table of contributor states held in Geneva in mid-January. We took advantage of this opportunity to outline our activities, specifying the financial implications of each. In all, we provided for a budget of about \$50 million for a development program spread over three years. The objectives we established in August have either been achieved or are on their way to being achieved.

In regard to the refugee problem, we advocate continuing the Canadian diplomatic offensive and maintaining the role of the Special Envoy for Central Africa. Our Kigali office has reopened under the management of a senior CIDA official. UNAMIR has now been deployed throughout the country and can strengthen security. We provided for emergency humanitarian assistance to facilitate the creation of way stations and are studying the possibility of helping the OAU to establish its crisis prevention system. We are also ready to fund

several justice initiatives. We have already offered to provide human resources for the International Tribunal, have approved a contribution to the UN's Centre for Human Rights to dispatch observers, and have offered to contribute to a fund for the promotion of human rights. We are helping, as well, to restore the government's ability to function by absorbing the arrears of the ADB [African Development Bank] and the World Bank, and are contributing to social recovery through support for UNICEF [the United Nations Children's Fund] and reconciliation. A project to restore the electrical system is already under way. In addition, a CIDA mission is now in place examining the best method of co-ordinating our projects with local officials.

On my last trip to Central Africa, I took advantage of the opportunity to pass along certain messages to the highest authorities during bilateral visits. We delivered firm messages to Rwanda on having a government that is representative and on the need to expand its base in order to foster a climate of confidence that will encourage refugees to return. We also informed the government of our expectations regarding the rule of law and respect for human rights.

In Burundi, we expressed our hope that the radical elements in the political classes would rally behind the moderate forces. In a release dated February 3, Minister Ouellet urged the armed forces of Burundi to continue supporting the coalition government and called upon the militias of the opposing factions to lay down their arms and renounce violence. Canada supports UN and OAU preventive diplomacy initiatives towards avoiding a conflagration in Burundi similar to that in Rwanda. For this reason, Canada agreed to send three experts from its armed forces to train their Burundian counterparts in the respect for human rights and democratic development.

The Situation Remains Disturbing

The internal situation in Rwanda is still a source of concern. The most recent reports of UN observers continue to tell of arbitrary arrests based on denunciations without sufficient verification. Thousands of prisoners are crowded in jails under inhumane conditions, and there are numerous crimes against and obstacles facing owners trying to recover their possessions. During my stay in Rwanda, I received some assurances from government authorities in these regards. Unfortunately, however, the reports of uncontrolled abuse continue.

Although we understand the very difficult circumstances in Rwanda, our commitments cannot but be affected by these events.

The situation in Burundi is even more disturbing and difficult to contain. If not for the persistent efforts of Ambassador Abdallah, Special Representative of the UN Secretary-General, Burundi might already have plunged into the abyss. The extremists did their best to prevent the holding of the Bujumbura Conference. They forced the

resignation of the Prime Minister, but the authorities were able to allow the Conference to proceed as planned. At the Conference, we heard a dramatic appeal by the President for an international judicial inquiry into the assassination of President Ndadaye. For the time being, extremist elements have apparently succeeded in rendering inoperative the September 10 government convention. The problem stems to a large extent from those political leaders who are determined to seize power through confrontation, extortion, intimidation and the use of militias. These hotheads are employing the entire array of terrorist methods. The most recent example of their extremism was the assassination of the Minister of Energy and Mines, barely 12 days ago. This moderate leader visited Canada last December.

As you can see, Canada has not remained indifferent to the suffering of the people in this region. It has contributed \$35 million in emergency assistance to Rwanda through UN agencies, the Red Cross and Canadian NGOs (27 per cent of the total), and has approved a \$40-million bilateral co-operation program, \$3 million of which has already been spent. The Canadian response to this humanitarian challenge took the form of a joint effort on the part of the Department of Foreign Affairs and International Trade, CIDA, and the Department of National Defence, in addition to the equally important initiatives of our NGOs and the Canadian public, which has provided more than \$16 million in private donations.

In my view, only concerted action on the part of all parties involved can make a substantial contribution to finding a lasting solution for the entire region. In regard to Burundi in particular, I would like to quote the opinion of Ambassador Abdallah in his efforts to keep the situation under control. He said that "it is necessary for the international community, and especially the five permanent members of the Security Council, to assume their responsibilities toward this country, which has been living in a state of permanent crisis since the assassination of President Melchior Ndadaye in October 1993." In this regard, it should be remembered that the Security Council conducted a mission to Rwanda and Burundi last month and is continuing to follow the situation very closely.

The international community is well aware of the potential for disaster in Burundi and has taken the steps I have described to encourage Burundi's politicians to settle their differences constructively and peacefully. The international community, as represented by the UN, cannot impose peace and security — it can only respond at the invitation of governments. For instance, after the coup attempt the UN offered peacekeeping services but these were refused by both the government and the military. Most regrettably, too many of Burundi's political and military leaders assign a higher priority to vendettas and tribal agendas than they do to the national interest. Without the unstinting collaboration of Burundians themselves, outsiders cannot help them in their search for solutions in their country.

Thank you.

Statement

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95/24

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE INTERNATIONAL CONFERENCE ON
IMPROVING THE UN'S RAPID REACTION CAPABILITY



MONTEBELLO, Quebec
April 8, 1995



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Dr. Polanyi, distinguished guests, ladies and gentlemen, colleagues and friends,

On behalf of the Government of Canada, I wish to thank you for accepting, with such promptness and enthusiasm, our invitation to participate in this international conference on the rapid-reaction capability of the United Nations.

This conference, and your participation in it, are of crucial importance to the Canadian government. In holding it, we hope to hear your ideas and your advice on what you think is the best way of approaching an fundamental issue: the United Nations' [UN] rapid-reaction capability.

Our Prime Minister, the Right Honourable Jean Chrétien, our Minister of National Defence, the Honourable David Collenette, and I are anxiously awaiting the results of your work. I have heard about the workshops you have held since your arrival here, and am sure that the coming ones will be every bit as productive.

The idea of a Canadian study on rapid intervention arose last year out of the terrible tragedy in Rwanda. I have seen nothing since that time that could make me doubt the necessity of such a study. On the contrary. Outbreaks of ethnic, religious and nationalistic antagonism are the root causes of much conflict throughout the world. Although they may be internal conflicts, they can in many cases become real threats to international peace and security. Regardless of its nature or scope, we cannot disregard the human and humanitarian dimension of war.

The situations in Rwanda, Burundi and Haiti tell us that preventive diplomacy, rapid reaction and peace building must be considered as part of the same strategy. They do not work in isolation.

It is clear that much work needs to be done in the field of preventive diplomacy. This is one of the main proposals I made to the General Assembly in New York last September. We must work to attack the root causes of conflict before they explode. Indeed, defining a clear mandate for peacekeeping forces involves understanding the nature of conflict. The UN could do a better job if it could respond more coherently to early warning signs by effectively deploying the instruments at its disposal.

A rapid-reaction capability must also exist as a part of a series of processes within the UN and regional organizations. As I said earlier, it will fail if it exists in isolation. There must, above all, be a capacity to re-build societies in a post-conflict phase if rapid-reaction is going to work. And there must be clear links between what a rapid-reaction capability can do in the short run, and what other parts of the UN system must do as they take over from a rapid-reaction group in response to crisis.

At the outset of this study, we decided to focus primarily on the operational side of this issue. We have not, of course, divorced ourselves from the wider political context. We are well-aware of the crucial need to mobilize the political will in order to respond to crises. Indeed, I understand participants have been spending some time here identifying key political questions the United Nations is faced with when responding to crises, and I encourage you to continue this work.

Having said that, Canada's study has been based on the view that our best immediate contribution to this debate is mainly an operational one, focussing on providing the UN with new instruments as part of a wider process of conflict management.

Since my speech to the UN General Assembly last September, a lot of work has been done, in Canada and in a number of other countries as well, notably in the Netherlands and Denmark. This meeting today is critical to refining recommendations that I can put to the UN at the General Assembly next September. My colleague, the Minister of National Defence, mentioned yesterday a few ideas currently in play. Allow me to mention a number of others upon which we are currently focussing.

One of our concerns is providing the Security Council with timely military advice. We, and others, emphasize the importance of meaningful consultations with troop contributors. But we need to think of mechanisms for troop contributors to provide their views to the Security Council, particularly on the military side, as planning proceeds and as mandates are being negotiated.

On the "strategic level" of the UN system, we also need more coherent crisis management structures. Normal peacekeeping operations move at the same relative pace as planning, which, as we all know, can be slow. But crisis situations demand a different approach. The key, in our view, is advance planning and quick execution. Staff must be continuously acquiring information and developing contingency plans. All of this must be done in advance of crisis. Countries that have the capacity to help in this area must be brought in at an early stage. This is why I am attracted to the idea of an operational rapid-reaction headquarters that can put together these different requirements. I understand it has been in discussion here, and I look forward to hearing more about it.

We also need to do more work with regional organizations, at all three levels of actions I mentioned - preventive diplomacy, rapid reaction and peace building. The United Kingdom and France have launched initiatives in Africa. The Organization of African States [OAS] has stepped up its efforts in the field of conflict management. Canada also feels that it is now time for La Francophonie to play a preventive diplomacy function. Burundi is the first test that comes to mind, of course. In this regard, at

an extraordinary Francophonie ministerial meeting in Paris last week, we agreed to send a mission of good offices to Burundi. In keeping with our desire to see closer co-operation between multilateral and regional organizations, this ministerial delegation will coincide with one from the Organization of African Unity. The actions of both missions will complement each other.

We should also be exploring opportunities for regional peacekeeping training centres, regional stocks of equipment and possibly operational headquarters at a regional level. We intend to work with Latin American countries to see how a start can be made on these issues in Latin America, possibly through the OAS. The newly-created ASEAN [Association of Southeast Asian Nations] Regional Forum could also be a valid interlocutor in these matters, as far as the Asia-Pacific Region is concerned.

A UN standing force remains a key goal for many of us. But it is not an "all or nothing" proposition. It is feasible, in my view, to develop what Major-General Dallaire calls a "Vanguard Concept." In that idea, standby arrangements play a key role. In the UN system, we need a better appreciation of the role that standby arrangements could play in making the UN more effective. Therefore, I will soon be proposing to the UN a meeting of countries that have established standby arrangements, or that are on the verge of doing so. We could explore the way ahead on standards, training, on joint exercises and the development of the Vanguard Group concept, and we could think on how to link this concept, over time, to the longer term goal of a permanent UN emergency force.

Another key point is the need for coherence in the UN's overall approach to crisis. This means workable arrangements among the humanitarian organizations, the non-governmental community and the UN, towards common objectives. There are innovations that can help achieve the unity of effort that is fundamental to effective action. We need a strong civil component in every peacekeeping mission, with a focal point for humanitarian coordination. The key to this is people. Canada is prepared to make available, for short-term assignments to the UN, trained personnel with linguistic and regional expertise, if missions need to be strengthened on the non-military side.

As we look ahead, we need to be thinking about keeping up the momentum. The International Conference on the Extension of the Nuclear Non-Proliferation Treaty in New York next week, and the ASEAN Foreign Ministers' meeting that I will be hosting in Vancouver next month, are both excellent opportunities to continue a meaningful dialogue on these issues with a number of key players. I also look forward to discussions with my NATO [North Atlantic Treaty Organization] colleagues at our next

meeting in late May, and to my meetings in the context of the G-7 summit in June.

It may also be useful to call a meeting of like-minded Ministers before we table our report at the 50th General Assembly in September. All of these efforts are aimed at maintaining the initiatives at the political level.

A rapid-reaction capability is not the answer to every problem of instability and conflict. But it is one important instrument. In this, the fiftieth anniversary of the United Nations, we should aim high. We must give the UN the tools it requires to do its job well into the next century.

I thank you for coming to Montebello this weekend.

Statement

95/25

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE MID-AMERICA COMMITTEE



CHICAGO, Illinois
April 12, 1995



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For Americans, Chicago represents the heart of mid-America, the gateway to the Midwest.

For a Canadian, Chicago assumes a different but no less important perspective. Chicago is at the epicentre of North America, as prominent in its north-south situation as it is in its traditional east-west orientation.

Chicago symbolizes the "coming together" of the North American continent in the 20th century. The barriers of geography have been eclipsed by the bonds of friendship, shared values and, of course, economics.

Canada and the United States have long been the best of neighbours – allies in war, partners in peace.

And the depth and intensity of that relationship continue to grow as we learn to harness our collective strengths, while respecting our individual differences.

Despite our closeness, we are two separate nations. Even a top-rated, Canadian-produced television program like "Due South," featuring a Mountie roaming the wilds of Chicago, shows just how different we can be at times – and how much the same.

You're happy Michael Jordan is back, and so are we – especially with new NBA teams coming on board in Toronto and Vancouver next year.

You're happy the baseball strike is over, and so are we – especially with the unusual quirk that makes the Blue Jays the defending world champions over again.

The business of sports represents only a microcosm of our shared enthusiasm for common products and services, based on similar preferences and needs.

Our joint trading relationship is the largest in the world – and it continues to grow!

Merchandise exports from Canada to the United States rose 16 per cent to US\$129 billion in 1994. During the same year, your merchandise exports to Canada rose by 14 per cent to US\$114 billion.

Every day, Canada and the United States exchange one billion Canadian dollars' worth of goods and services.

The province of Ontario alone buys more from the United States than all of Japan.

And the state of Illinois exports more to Canada than the entire U.S. does to Spain.

These statistics demonstrate the magnitude of the thriving trade relationship between our two countries and the need to enhance it.

You might ask, "With the Canada-U.S. Free Trade Agreement and now the NAFTA in place, aren't we doing the right things to promote that relationship?"

My answer to you would be, "Yes -- for the most part."

The last time I was in Chicago, for instance, I was with my U.S. counterpart, negotiating about Canadian wheat exports to the United States.

The upshot of these negotiations was that Canada agreed to a one-year export restriction. This was a bruising experience, agreed most reluctantly under the threat of unilateral action under Section 22 of the U.S. Agricultural Adjustment Act -- a provision that has since disappeared.

We value our trade with the United States in wheat and wheat products. How could we agree to a rollover of the restriction for a further year, as some in Congress are suggesting? Would it not be making a temporary restriction permanent? How would this fit our free-trade relationship?

We intend to continue to work with the U.S. administration to find trade-liberalizing solutions to resolving this issue.

We are optimistic that the results of the joint commission on grains will make an important contribution to this effort.

There are other areas, however, where we still have a long way to go. Despite the successful conclusion of the free-trade negotiations, we have failed to deal fully with one of the most menacing weapons in the arsenal of protectionism, and in so doing, we left a rather large skeleton in the closet.

I refer to the issue of trade remedies -- anti-dumping and countervailing duties. Although we have created the world's largest trade relationship -- one in which the vast majority of our two-way trade flows without impediment -- we have faced a number of corrosive trade disputes that reflect, for the most part, the triumph of selective sectoral, domestic and political interests over national interests.

In most instances, these disputes have been nourished by a regime of trade remedy laws whose application has not been adjusted to the realities of a free-trade area.

Now, with the NAFTA firmly entrenched, with the Uruguay Round finally concluded and the new World Trade Organization coming into being, it is time to confront our fears, and to address the issue in a meaningful way.

It makes absolutely no economic sense to apply traditional trade remedies in the integrated marketplace we have created in North America.

At one time, the economic world was a lot different. A national border was quite recognizable. There were good reasons and practical methods for excluding products that were unfairly priced. In our own House of Commons, one of my early predecessors pointed out that "dumping is an evil and we propose to deal with it."

But that was 1904 – and we've come a long way as a country, as a continent, and as a global trading network since then!

The old rules may have been appropriate for us when the North American market was not integrated. The rules were developed when producers were generally based in one country, where production functions were simpler, where multinational inputs to products were rare, and where markets for products were distinct.

Today, most producers approach North America as a single, integrated market. Companies make their sourcing and production decisions on that basis. And it is common for products to cross borders in various states of completion, often several times.

Trade within the NAFTA is also very different from traditional forms of offshore trade. It entails product rationalization and just-in-time delivery within a regional market, rather than large, uncontracted shipments.

Governments must now reflect these new realities in their measures to deal with inappropriate pricing behaviour. And governments already have instruments that they can use, ranging from combines legislation to competition laws.

Let's look for a moment at how the present anachronistic use of trade remedies can distort or disrupt modern North American markets, with substantial costs both to you and to your customers.

Take, for example, the common business practice of offering a product at a standard price, no matter where it is delivered in the United States. Companies allow for transport costs in their overall pricing strategies so that the price of a computer or of a box of cereal is the same in San Diego as it is in Bangor. That is an acceptable business practice in the United States – as it is in Canada.

What happens when an international border intervenes?

Take the case of a Toronto company with a customer in Hamilton and a customer in Chicago. Because the freight costs to Chicago are higher than to Hamilton, if the company attempts to sell its product at the same price in both markets, it can be penalized with an anti-dumping charge.

And it works both ways, whichever side of the border you operate from.

Take the case of a cyclical industry, such as steel. Price discounts must often be introduced during market downturns to maintain customer demand in certain markets. For the steel firm, the best economic decision is at least to cover marginal costs, rather than shutting a plant completely.

Since we are dealing with a highly integrated continental market, what usually happens is that prices fall in both the domestic and export markets. There really is no price discrimination between sales to either market. But, if you are exporting, you are dumping.

One more case — one that I am sure is familiar to all. Sometimes, after you have cultivated customers over a number of years in a particular market, prices there suddenly fall.

You have no choice — either you cut your own prices, or lose your investment in customer development and loyalty. In other words, you are pricing to meet the competition in that market.

This may be offshore competition. If you price downward to meet it in your own market, that's normal business practice. If you do the same as an exporter — you are dumping.

These types of examples are played out every day on the current North American trading landscape, at considerable cost to all of us.

For example, the recent rash of trade remedy cases on steel directly affected half a billion dollars in two-way trade between the United States and Canada.

Since 1986, there have been 58 anti-dumping actions and 11 countervailing duty investigations between our two countries over a wide range of products. And Mexican industry has already shown a fondness for anti-dumping and countervailing duty laws as well.

If this fondness continues to grow, both U.S. and Canadian companies may find that protectionism, in the form of trade remedies, has trumped some of the market access in Mexico that we

both thought we had gained in the NAFTA. What's going wrong here, and what can we do about it?

Clearly, blunt and misdirected trade remedies are being used to constrain legitimate pricing behaviour within the free-trade area. Anti-dumping actions are no longer aimed at genuinely injurious pricing behaviour, but are used more for strictly protectionist purposes.

The results are higher input costs, reduced outputs, higher product prices, and more uncertainty in investment decisions for North American firms.

This, in turn, makes Canada, the United States and Mexico less competitive in other international markets, essentially downgrading or nullifying the rationale for a North American free-trade area in the first place. It prevents us all from getting the most from the increased efficiencies that should result from our North American free-trade area.

It is instructive to note that our overseas competitors have already grasped this nettle. Within the European Union, dumping laws have been eliminated. This is consistent with the strong European drive to get the most competitive synergies from their common trading area.

Similarly, Australia and New Zealand already regard commerce within their free-trade agreement to be domestic commerce.

What can we do about it here in North America?

For one thing, the three NAFTA countries have established two working groups to come up with answers by the end of this year to a number of important questions. For example:

- What definitions, thresholds and mechanisms can be used to counter inappropriate pricing behaviour in the modern North American context?
- Can we establish a more direct link between the pricing decisions of one firm and those of its competitors? And if so, what actions or compensation will actually remedy the specific situations?
- Should governments continue to focus on the pricing of individual products – the usual basis for trade remedy actions? Or should the focus be shifted to individual firms – the traditional approach of domestic competition laws?
- Should different sectors of the economy be treated differently at various points in their cycle, or should we still seek a "one suit fits all" approach?

Admittedly, these are not easy questions. And getting agreement on the answers may be just as difficult as it was on other fundamental trade issues covered by the NAFTA.

But we really don't have a choice. If we choose to ignore the "skeleton in the closet," it will continue to haunt us.

We shall continue to see inappropriate corporate and industry actions in all three NAFTA signatory countries, aided and abetted by outdated trade remedy legislation.

And these disruptive actions will continue to cost North American companies — such as your own — hundreds of millions, if not billions, of dollars a year.

The corporate counsel for General Motors, speaking recently before the U.S. International Trade Commission, cautioned about the need "to minimize possible economic harm to U.S. industries that are downstream from the ones involved in the unfair trade proceedings."

In the same month — last November — the American Bar Association declared that "the replacement of anti-dumping law by competition law for transactions between and within NAFTA nations is more clearly consistent with the concept of a free-trade area."

If even lawyers can see this issue so clearly, what is stopping the rest of us?

Firms should be encouraged to take advantage of an integrated North American market, not penalized for doing so. Preserving anti-dumping laws in a free-trade area does not really help producers in the long run, nor does it help the consumer.

Exactly whose interests is the current trade remedy regime protecting, given that our economies are so closely integrated? And, more importantly for you as business people and exporters, can we really afford to engage in such narrow, internecine protectionism when North America is faced with growing competition from an integrated Europe and an ascendant Asia?

These are fundamental questions. Their resolution will require both understanding and ingenuity. Varied and vocal domestic pressures exist on all sides of the issue. But our economic advantages as North Americans, now and in the future, will depend directly on our joint willingness to lead the movement toward freer global trade and investment.

That requires a commitment to recognize our common economic interests, a willingness to expand free trade under agreed rules, and to abide by them.

In the past, the Mid-America Committee has proven itself an influential voice on important trade issues.

Today, you have a key role to play in the question of trade remedy laws in the North American free-trade area.

I urge you to take up the cause. Speak to your Representative in Congress, make sure that your industry associations are on side, educate your suppliers and customers to the real damage that inappropriate trade remedies cause, now and in the future.

Trade remedy laws do not promote progress. They encourage neither innovation nor efficiency. And they certainly do not enhance competitiveness, something that is vital for all of us in the face of increasingly organized global competition.

In the months ahead, while we are enjoying the friendly competition of the Black Hawks and the Maple Leafs, the White Sox and the Blue Jays, and even the Bulls and the Raptors, let's make sure that we are also finding ways to end some of the "unfriendly" competition that results from outdated trade remedy laws.

It's a winning strategy for all of us, and one that is well worth the effort.

Thank you.

Statement

95/26

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CALGARY CHAMBER OF COMMERCE

CALGARY, Alberta
April 19, 1995



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More than at any other time in recent memory, events over the past year have demonstrated the central importance of international trade and investment to Canada.

In 1994, Canadian exports increased by 21 per cent, reaching \$219 billion. Our annual trade surplus totalled \$17 billion, up almost \$8 billion from 1993. Merchandise trade surpluses with both the United States and Japan increased yet again.

At the same time that Canada was posting such trade records, the Prime Minister was leading the "Trade Team Canada" mission to China – the largest initiative of its kind this country has ever undertaken.

Meanwhile, Canada – with its major trading partners – was putting the NAFTA and the new World Trade Organization into place. We also helped to launch free trade initiatives both in the Americas and in Asia-Pacific. We are now joined with the United States and Mexico in negotiating the early accession of Chile to the NAFTA. And as the European Union has proceeded with its expansion both northward and eastward, the Prime Minister has challenged our European friends also to look westward and to consider free trade with the NAFTA countries.

With the rapid development of trade liberalization, with market barriers being reduced or eliminated regionally and globally, the challenge for the Canadian government and for provincial governments is to help ensure that our companies can take full advantage of the new opportunities that result from freer trade and investment.

Exports now represent more than one third of Canada's GDP [gross domestic product]. Millions of jobs depend on them. Exports have also been the driving force behind our economic recovery. Exports are responsible for much of our robust economic growth.

International trade is just as important for Albertans as it is for all Canadians. In 1994, exports from Alberta reached record levels. Commodity exports rose by \$3.3 billion – a 17 per cent increase over 1993.

Petroleum exports constitute a major part of this remarkable performance here in Alberta and have contributed to Canada's economic growth in general and to our overall trade surplus. However, though resource and commodity exports continue to be important, Alberta, like the rest of Canada, must increase the export of value-added goods and services in order to expand our economy further.

Clearly, we live in a new, more competitive, more liberalized international business environment. We must all adjust to it. Throughout the recent recession, numerous Canadian companies have learned the hard way to become internationally competitive. The

manufacturing sector, in particular, has done an excellent job in boosting its exports and improving its productivity.

The main challenge in Canada is to get our fiscal house in order. We shall greatly improve our gains on the trade front by improving our country's financial health. We are making progress. The recent federal budget takes far-reaching action to reduce government spending and to reshape the role of governments in building a stronger, yet more dynamic, Canadian economy.

As Alberta, a leader in fiscal responsibility, knows so well, fiscal pressures are causing all levels of government to streamline and co-ordinate their services. In the particular case of international trade and investment, technology and global awareness are also changing the role that governments play in assisting business in the international marketplace.

As Canadians work toward more fiscally responsible government, services provided to our exporters by the federal and provincial governments need further co-ordination and rationalization. For example, in the case of market intelligence, the federal government is improving the provision of timely feedback to Canadian companies on international business opportunities. We are doing so by putting in place readily accessible, advanced technology information services that gather up-to-the-minute trade leads from our posts abroad and provide them to the provinces and to business, especially smaller companies.

But such streamlining in the area of international trade development is not an easy task in Canada where, in addition to the federal government, no fewer than 10 provinces, two territories and several regional governments and municipalities have all involved themselves in international trade development, technology transfers, strategic alliances, tourism and investment. Although I welcome such widespread interest and commitment, I remain concerned that it can result in wasteful duplication.

Canadian trade missions need to be further co-ordinated among various levels of government to avoid confusion, not least among our potential customers. Only when all levels of government and business get together, can we make the greatest impact. The "Trade Team Canada" mission to China was a good example of how we can mobilize federal and provincial resources for the benefit of our whole country. As Premier Klein will be able to testify, the Chinese may have been a little overwhelmed by the arrival of our "Trade Team Canada," but they were never in any doubt why we were there. Equally, Premier Klein's mission to the Middle East in June is a good example of the federal government and a province working together to achieve maximum effect.

Accordingly, in conjunction with the provinces, Industry Canada and a number of federal agencies, my department is working, under the "Trade Team Canada" banner, at further delineating our respective roles and at establishing a framework for improved support to our clients, our exporters.

This is what the Memorandum of Understanding (MOU) that Premier Klein and I are about to sign is all about. It sets the course for yet closer co-operation between Ottawa and Alberta in services for our exporters. This is the first such MOU signed in western Canada. I am grateful to the Alberta government for having provided leadership in the successful negotiations that brought us here today.

This Memorandum of Understanding, similar to the one that we signed last year with Ontario and those we shall sign shortly with Manitoba and Saskatchewan, provides for greater collaboration in planning, information sharing, fairs and missions, education and training, representation abroad, investment promotion, industry and technology development.

Although our federal-provincial agreements do not provide for the immediate, full integration domestically of government trade services, they do constitute a strong base for our future work. Ideally, the Department of Foreign Affairs and International Trade should focus efforts on business support overseas, while provinces - in tandem with Industry Canada and other key federal departments and agencies - co-operate in support services domestically. Our ultimate goal must be for each level of government to do what it can do best.

The proposed office "co-location" initiative here in Calgary is a notable example of what can be done - three levels of government committing to locate their activities in the same building to complement better one another's activities. I wish to thank not only the Alberta government but also the Calgary Chamber of Commerce for its valuable support in developing a "one-stop" export centre here in Calgary.

As we seek to rationalize activities among several levels of government, we must also improve co-ordination within the federal government itself. Currently, no fewer than 20 federal departments and agencies are active in international trade and investment development. In fact, only half of the total federal expenditure in export promotion is administered by my own department. A more integrated approach in Ottawa as well as with the provinces is clearly necessary in order to meet head-on our global competition.

The International Trade Business Plan is a good starting point. This annual document, released in February, outlines Canada's export strategy for 23 key industrial sectors. It contributes to

a growing consensus on trade development initiatives among federal departments, the provinces and a number of private sector groups. To complement the International Trade Business Plan, comprehensive country strategies are being developed for major foreign markets, the first pilot project being India.

But we need to push this co-ordinating process further. We must improve how we spend scarce trade development funds across the federal government. And we must define our priorities better.

One such priority is to work closely with the provinces in our increasing efforts to open up foreign jurisdictions to Canadian direct investment. We seek a more certain, more transparent set of international rules governing transnational investment. My department and our missions abroad already contribute much to the growth of Canadian-based companies into global corporations by introducing them to investment opportunities and potential partners in international markets.

But more can be done. To take another priority: trade policy is increasingly influenced by advances in science and technology. In co-operation with other federal departments and agencies and with the provinces,

- we negotiate international agreements to provide access to international research and technologies of interest to Canadian scientists and companies;
- we assist Canadian companies, particularly smaller companies, in acquiring "best practice" international technologies;
- we market Canada as a source of technology-based goods and services and as an attractive site for research and development; and
- we participate in international standards setting and intellectual property protection negotiations.

To take yet another priority: small business. Government support for smaller exporters can further our transformation from a trading nation to a nation of traders by helping to direct Canadian enterprises to international markets. Our exports today rest on a foundation that remains too narrow, with a limited number of firms still accounting for the majority of our total exports. Although many smaller companies export indirectly through supplier arrangements with larger Canadian and transnational corporations, we seek to assist them in developing all means of selling their goods and services abroad, including more direct exporting.

In adapting our export promotion toward the needs of smaller companies, we are concentrating upon ways in which smaller businesses can have more access to export financing.

A number of initiatives are being developed in collaboration with the banks and with the federal government's own financing agency, the Export Development Corporation (EDC).

One such program will provide better access to working capital by facilitating the extension of operating lines of credit to exporters against their foreign receivables.

Another program will provide medium-term financing for exports. Banks will be able to provide medium-term buyer financing with a partial EDC guarantee for certain types of transactions in a large number of developing countries.

Most recently, the Export Development Corporation launched a new program targeting small-business clients. An EDC business team, accessible via a toll-free number, is dedicated to serving their unique export credit insurance and financing needs.

In my own department, our long-standing Program for Export Market Development (PEMD) is now centred on smaller enterprises. And financial assistance for government-sponsored trade fairs is now only available to smaller firms, on a cost-shared basis. Furthermore, participation in business missions and support for larger companies participating in trade fairs is now on a full cost-recovery basis.

While we are working on these initiatives to improve the access of smaller businesses to our export programs, we must also do more to help prepare them for the rigours of international trade. All exporters, be they new or experienced, require training in international marketing, export financing, foreign commercial and corporate law, culture and languages.

Government has a central role to play in helping to train small businesses, partly through supporting the initiatives of private institutions such as the Forum for International Trade Training (FITT). Both the Calgary Chamber of Commerce and the Calgary Economic Development Authority are to be congratulated for their promotion of the FITT programs.

The Canada-Alberta MOU recognizes the fact that education and training are the most effective means to increase the number of export-ready firms. Bringing companies to the export readiness level is also critical if we are to make optimal use of our own scarce resources abroad. In recent years, an increasing number of companies have been knocking on the doors of our trade commissioners abroad without prior preparation. All too often, answers to their inquiries could or should have been found at home. Just as it is cheaper for a company to gather basic market information from an office in Canada than from a hotel room in Tokyo, it is cheaper for governments to provide basic assistance and training in Canada than from offices abroad.

The provinces are in the best position to play a leading role in this area. Provinces are usually closer to the client base, understand their needs better, and in many instances have a closer ear to the ground.

The agreement that Premier Klein and I are signing today sets us squarely on this path. It commits us to work together to develop export readiness programs. It enhances our efforts to build a "Trade Team Canada" approach to global markets.

But as with the agreements with other provinces, the Memorandum of Understanding is not a panacea. We shall have to work hard to make the agreement a non-bureaucratic, results-oriented, practical tool. And we cannot stop there. We must find practical ways to overcome jurisdictional overlap to better serve the business community and indeed the whole country.

In international trade and investment, the role of government is to support the business community through programs that help the private sector to penetrate foreign markets. We shall accordingly continue to work toward widening the reach of our free trade partnerships and to take advantage of the opportunities created. Together with domestic fiscal reforms to enhance our international competitiveness, they provide the basis for our sustained growth and job creation.

The global business opportunities facing Canadians can be remarkably rewarding. The bottom line is that high-quality, high-paying jobs are created when we are successful in foreign markets. Nineteen ninety-four was a banner year for exports. We must maintain the momentum. By pooling the resources and the talents of both our public and our private sectors, we shall reap the rewards in export markets. All Canadians expect and deserve no less.

Thank you.

Statement

95/27

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE NPT REVIEW AND EXTENSION CONFERENCE



NEW YORK, New York
April 18, 1995



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Mr. Chairman:

We are gathered here to review the world's most successful security treaty and to make an historic decision on its future.

These would be daunting responsibilities, were it not for the fact that we are not starting from scratch. The backdrop to our deliberations is the growing global consensus in favour of stopping nuclear proliferation and undertaking nuclear disarmament.

This meeting will give us the opportunity to deal with continuing instability and uncertainty in the world, including tragic regional tensions and conflicts, which make the existence of the NPT [Nuclear Non-Proliferation Treaty] even more important.

In signing the NPT, 176 countries have already declared their commitment to the global norms and principles the Treaty upholds.

Our ultimate goal is universalization of the Treaty. This is why Canada wants to transform this commitment into a permanent reality. We should indefinitely and unconditionally extend the Non-Proliferation Treaty.

As we undertake our work, the real challenge will be to keep our common goal – the strengthening of the global non-proliferation system – firmly and clearly in mind, and to let nothing interfere with our commitment to making the world a safer place.

We must be ever-conscious of the fact that we have been given the responsibility by our publics to make a decision not only on their behalf, but also on behalf of future generations. Our decision will directly affect the security and well-being of the people of the world well into the next century.

Canada believes that the global public should be able to enter the 21st century with a sense of hope, excitement and anticipation. We have a profound responsibility to act in the interests of the world. This historic decision – in favour of indefinite extension – is ours to make.

The Canadian Context

Canada's approach to this meeting is shaped by several realities:

First, we come to the nuclear non-proliferation debate with a wide background of technical and political experience. We were a partner in the Manhattan Project. Early on, Canada made a deliberate political decision not to use our technical expertise and capabilities to make nuclear weapons.

Thus, we are a non-nuclear weapons state party of the NPT. Our approach to the debate on the functioning and future of the Treaty is shaped by this fact.

Second, and related, we come to this meeting as a major player in the peaceful uses of nuclear energy. In Canada, under the unique umbrella provided by the NPT, we are engaged in a wide spectrum of activities – from the mining and export of uranium to the design, production and export of one of the world's safest reactors: the CANDU. We have nuclear relations with 31 countries in all regions of the world.

Finally, we approach this meeting in the broader context: that of strengthening the United Nations and the framework of international norms and principles that turn the reality of interdependence from a source of potential conflict and difficulty into an asset and advantage.

Canada has a long-standing and enduring commitment to multilateralism. We want to work with friends and partners around the world to develop a security architecture for the 21st century that is inclusive and universal in its embrace. To do this, we must reinforce the rule of law among nations by, inter alia, building up the framework of international treaties respecting non-proliferation and disarmament. We must comply fully with them. Any arguments that mistakenly dwell on perceived losses of national sovereignty must be confronted by the acknowledgment of the tangible gains in security – the very reason why we enter into them as sovereign states.

The world – and particularly each of our local neighbourhoods – will be a safer place once there is universal adherence to the key non-proliferation instruments: beginning with the NPT but also encompassing the Chemical Weapons Convention, the Biological and Toxin Weapons Convention and the Convention on Certain Conventional Weapons covering land mines.

Collective, co-operative security is the only practical option left for the world. We had 40 years of experience in sterile bloc politics. We have now had time to reflect, and we realize that this did not provide the basis we need to meet future challenges.

This meeting gives us a special opportunity to renew and revitalize our common commitment to collective security.

We are faced with two sets of issues: the review of the functioning of the Treaty over the past five years and the extension decision.

The Review

As it has done throughout the 25-year history of the NPT, Canada welcomes this five-yearly opportunity to review the operation of the Treaty, to assure that "the purposes of the preamble and the

provisions of the Treaty are being realized" – as provided for in the Treaty itself.

We welcome this opportunity because we are convinced that a serious review of the Treaty will more than adequately and positively answer the legitimate questions: Are the purposes and provisions of the Treaty being realized? Has the Treaty fostered the development and adoption of "measures to safeguard the security of peoples?"

Canada advocates permanence with accountability. We believe that the five-yearly review conferences should be enhanced. States that are party to the NPT must be held to account for their custody of its values and for fulfilling all of its provisions. At this conference, the Canadian delegation looks forward to discussions aimed at enhancing the review conferences. Ways must be identified to engage the political levels in these conferences, not only to improve oversight of the NPT's implementation, but also to re-inforce measures aimed at progressive fulfilment of all the NPT's goals.

Let's look at the NPT's balance sheet as we enter the Review Conference.

A central purpose of the NPT was – and remains – the prevention of the further spread of nuclear weapons beyond the five postwar nuclear powers. Has the Treaty worked? In our view, yes.

In 1970, when the NPT entered into force, there were serious fears and numerous predictions that 25, and even more, states would possess nuclear arsenals by the time of the extension decision in 1995. This has not happened.

The fear of the potential proliferation of nuclear weapons that constituted the primary motivation of all states – nuclear and non-nuclear – to conclude the NPT and become parties has not occurred. This is a fact. Our collective security has benefited immeasurably.

At the regional level, with a few unfortunate exceptions, countries have not responded to nuclear-armed or nuclear-aspiring neighbours by diverting precious resources into the meaningless, wasteful pit of nuclear arms production.

The NPT is directly responsible for these realities.

But the threat of nuclear proliferation has not gone away. It as real as it was in 1970. Now is not the time to abandon or imperil the Treaty. Indeed, given the situation today, if the NPT did not already exist, we would certainly be working to create it.

There are some in this room who were amongst the prescient drafters of this elegant Treaty, which has contributed so fundamentally to global security. They should be congratulated on their achievement.

Those who seek to damage the Treaty should think seriously of how difficult it would be to repair or recreate it.

But the NPT is about more than containing proliferation. It enshrines fundamental, enduring norms and principles governing nuclear behaviour, in order to enable the use of nuclear energy for economic development.

Article III mandates safeguards agreements, which provide the means to verify the peaceful, non-explosive uses of nuclear materials. For Canada, such assurances represent the essential starting point for the conduct of our nuclear co-operation and commerce.

The application of safeguards affords a degree of transparency to national nuclear programs that serves to support the benefits of the peaceful uses of nuclear energy.

We will be asked at this Conference to lend our support to the IAEA's [International Atomic Energy Agency] 93+2 program to strengthen and streamline the application of safeguards. Because of the enhanced transparency and added assurance of peaceful, non-explosive use that this program will provide – including detecting clandestine nuclear activities – Canada will advocate firm support by NPT states of this initiative.

Article III also sets out standards for responsible behaviour on the part of supplier states, and provides the requirement for the establishment of complementary mechanisms, such as export-control regimes.

Safeguards and export controls reinforce each other and together provide assurances that nuclear weapons programs are not being secretly pursued. They provide confidence that suppliers are acting responsibly in fulfilling their commitments to the Treaty. In this way, all states – even non-NPT parties – derive security benefits from the Treaty.

Article IV establishes a principle that is of pure benefit to NPT states – all NPT countries gain from the peaceful applications of nuclear energy and technology. The record in this regard is solid. Where appropriate to national needs, an increasing number of NPT countries are involved in the use and application of nuclear energy and technology.

Article VII offers a substantial benefit to non-nuclear weapons states. It provides a legal underpinning for the establishment of nuclear weapons-free zones [NWFZ]. These arrangements significantly enhance the security of those countries that are party to them. Canada believes that this is another positive element of regional and international security.

It is the principle laid down by the NPT in Article VII that makes NWFZs credible and more secure. Surely, another "plus" on our review ledger.

Article VI

The NPT is not a static arrangement. In Article VI, the Treaty provides for a dynamic, ongoing process of negotiations, in good faith, to cease the nuclear arms race and to undertake nuclear disarmament. More than that, it establishes a radical agenda that would result in a treaty on "general and complete disarmament under strict and effective international control."

In assessing the Treaty's effectiveness with regard to Article VI, we should first recognize and welcome the fact that among the states party to the Treaty, the nuclear arms race has ended.

Russia and the United States continue to take bold steps to disarm. Indeed, here the race has changed from an arms race to a joint, bilateral undertaking to race forward on an ambitious and courageous agenda for nuclear disarmament.

Other nuclear weapons states [NWS] have made unilateral cuts to their nuclear arsenals. This is all done against the backdrop of security calculations made by the NWS, which begin with the NPT.

There have been other significant, positive steps forward on the nuclear arms control and disarmament agenda, which represent concrete progress in fulfilling both Article VI and the preamble of the Treaty.

We are convinced that it is only the framework of stability, security and predictability provided by the NPT that has made progress on the nuclear arms control and disarmament agenda possible. Thus, those who seek radical disarmament should be the strongest proponents of the indefinite extension of the Treaty.

Under the NPT's broad security umbrella, we have seen truly extraordinary steps taken in recent years:

- First, we are engaged in negotiations for a Comprehensive Test Ban Treaty, which will fulfil our commitment in the preamble to "achieve the discontinuance of all test explosions of nuclear weapons for all time" and in all environments. Work is proceeding well. Our experts are close to establishing an effective verification mechanism. Canada is greatly encouraged by work to date, and we believe that this Treaty, once no more than a far-off dream, will soon be reality.

The Canadian delegation has been instructed to make speed and all possible progress to bring these negotiations to a successful, timely conclusion. We hope that other delegations

will receive similar guidance. We also hope that, in the spirit of the negotiations under way, the NWS will refrain from testing during this interim period.

- Second, building on the momentum of the CTBT [Comprehensive Test Ban Treaty] negotiations and reflecting the real political will to act on the nuclear disarmament agenda, the Conference on Disarmament made a major decision on March 23 to begin negotiations on a convention to prohibit the production of fissile material for nuclear weapons purposes – the "Cut-off Convention."

It is with considerable pride that I make this statement for two reasons: first, the negotiation of a Cut-off Convention has been a long-standing Canadian foreign-policy objective. Second, it was after almost 14 months of concerted effort by Canada's Ambassador to the Conference on Disarmament that this consensus for a negotiating mandate was achieved.

Of course, our work is not over on this issue – it has only begun. The conclusion of an effective Cut-off Convention will require the concerted and consistent application of political will and diplomatic imagination. Canada, for its part, is firmly committed to these negotiations.

- Third, the NWS have taken significant steps with their recent declarations on security assurances. The provision of such assurances, like the further extension of nuclear weapons-free zones, are important confidence-building measures that are in everyone's security interest.

Further, the major nuclear weapons states have recommitted themselves to their Article VI obligations. This sends a powerful message on behalf of the future nuclear disarmament agenda.

These developments, welcome as they are, would make little sense in the absence of the NPT. Without the NPT, the keystone of the non-proliferation system, the effectiveness of these complementary arrangements would be seriously questioned.

Thus, it is not simply that in order to make progress on the nuclear control and disarmament agenda we need the NPT; it is that we need the NPT in order to derive full and maximum benefit from these other disarmament efforts.

Why the NPT?

The fact is that the NPT provides a stable, predictable security environment, which is the prerequisite for nuclear disarmament.

As I said earlier, Canada believes the NPT must link permanence with accountability. Future review conferences will ensure that, every five years, we will have the opportunity to strengthen compliance with Article VI as well as the other provisions of the Treaty.

There is simply no substitute for the NPT. Its benefits for non-nuclear weapons states, in terms of bringing the NWS into compliance over time with the fundamental standards set out by the NPT, are invaluable.

I believe that the Treaty speaks for itself in terms of its value and the need to perpetuate it indefinitely. We are faced with three simple choices: to extend the Treaty indefinitely, for a fixed period, or for a number of fixed periods.

Only indefinite extension guarantees the future existence of the Treaty. Anything less runs the risk of calling the NPT into question at some future point.

Indefinitely extending the NPT means enshrining, permanently, the legal commitment to dismantle all nuclear arsenals. The NPT is the only multilateral legal instrument to contain such an injunction. Without it, we have nothing.

There is a temptation to say that countries can be forced into timetables and meeting goals that they have had no role in developing. In our view, this is an unproductive course. We believe that the seriousness of the issue demands that we think, speak and act pragmatically.

In conclusion, as NPT states parties, we have the political responsibility to make a decision that responds to present realities and positions us to meet future challenges. This Treaty is our flexible instrument for dealing with nuclear non-proliferation; it is our instrument for promoting and achieving nuclear disarmament.

Canada is committed to both elements of the Treaty.

We are confident that all of the countries gathered here are committed to the Treaty. We should all be committed because the NPT provides us with enhanced security.

Let us use the only opportunity to make a firm, political decision in favour of indefinite and unconditional extension.

Thank you.

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Statement

95/28

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE
CONFERENCE OF THE POLITICAL INTERNATIONALS
ON HUMAN RIGHTS



OTTAWA, Ontario
April 25, 1995



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Before I begin, I want to salute Senator Robert Hill of the International Democrat Union, Sir David Steele of Liberal International, and Dr. Peter Jankowitsch of Socialist International, for leading their organizations to this important meeting. I want to thank Ed Broadbent and the International Centre for Human Rights and Democratic Development for organizing this conference. And I want to pay tribute to my colleague, Senator Al Graham, for his able work through the years in promoting the growth of Liberal International, and links with the other political nationals.

Let me say, on behalf of the Government of Canada, how honoured we are to have this important meeting take place in Canada. As you know, Canadians are ardent defenders of human rights and have always been involved in the struggle for human dignity and freedom worldwide.

This meeting of the four Internationals shows that regardless of our ideology, regardless of our party allegiance, the promotion and protection of human rights are fundamental values and are the primary objectives that must guide our actions. This is essential to the development of democratic societies, not only to enable them to live in peace among themselves, but to live in peace with their own citizens.

The fact that we find ourselves here in a spirit of co-operation and non-partisanship clearly demonstrates our joint commitment to seek ways of improving human rights protection. We are sending an important message.

All who, like us, work in the field of human rights know that good intentions alone will not set political prisoners free, end torture, gain recognition of the equality of minorities or enable refugees to return home.

Our words must be backed by action.

In my opinion, Canada is in a unique position to play an effective role in this regard. If other nations listen to us, it is because they recognize our long tradition of respect for the individual, a tradition which is among the world's strongest, and because they know that we are not trying to increase our influence at their expense.

Freedom, democracy and respect for human rights are not just objectives, they are also the instruments whereby the international community can achieve its objectives of peace, development and security.

A two-way relationship exists between peace and security on the one hand, and human rights and freedom on the other. War and civil conflict clearly give rise to the most basic violations. The poignant images from Central Africa remind us of this daily. Moreover, and Rwanda provides a cruel example, it is when

intolerance and human rights abuses go unpunished that such tragedies occur in the first place.

Another major cause of most armed conflicts – and this is indeed a matter of human rights, of economic and social rights, to which all here subscribe – is the persistent and growing gap between rich and poor.

I believe that this presents us with a major threat to world stability today. We live in an age of instant communication. It is easy for people to see who are better off than they are. And those who are in more desperate circumstances, the "have-nots," can more easily be manipulated and led into violence by others. "What do you have to lose?" becomes the rallying cry and the promise of change. War, death and even greater poverty are too often the only results.

It is clear that the international community working together is the best hope for breaking this cycle.

That is why Canadians are active supporters – and even outspoken reformers – of the United Nations.

The Canadian government is working to strengthen its ability to respond to crises, primarily in three areas.

We must take preventive action to stop simmering tensions from turning into open military conflict. If we can prevent a crisis from erupting, we will not only save money in terms of troop movements and military intervention, we will also be saving lives and protecting the rights of the people in the area concerned.

We have at our disposal a number of tools for detecting potential problems and we can use a variety of methods to resolve situations before they hit the boiling point. In most cases, we have all the information we need; however, what we lack is the ability to analyze it, prepare a response and quickly mobilize the international community to take action.

Analyses of the information generated by the UN human rights monitoring systems need to be improved and distributed more effectively throughout all member states. Their findings should also go to the Security Council and the Secretary-General so that appropriate preventive measures can be undertaken.

Canada has also provided to the UN Secretary-General an inventory of resource people suited to missions of peace and negotiation, or specializing in elections, human rights, the administration of justice and other such fields. These are prominent and well-respected individuals who are available on short notice to put their expertise and credibility to work to settle disputes.

But, we do not believe these individuals should go in empty handed. In negotiating solutions with belligerent parties, for example, there has to be a clear indication that non-settlement will have consequences. Parties need to understand that there will be a price to pay for continued aggression.

That is why an essential requirement of our approach is that the world community develop the capacity to intervene quickly in the event that preventive diplomacy fails. We need a quick response to back up our diplomatic initiatives. We need to be able to act before a dispute spreads, before it becomes an entrenched war, too difficult or impossible to resolve. That is why Canada is sponsoring an in-depth study of the short- medium- and long-term options for improving the rapid reaction capability of the UN in response to crisis, such as that which took place last year in Rwanda.

I believe that having this capacity may, in many cases, be enough to bring about a resolution. The threat of intervention may be sufficient to compel the parties to reach a peaceful solution. And, since belligerent parties are not likely to listen to reason without it — it is essential for success.

We are also encouraging — and attempting to lead by example — on the wider question of building the capacity of certain states to provide protection for human rights. We need to help rebuild in places where war and oppression have left deep scars — scars which have either destroyed democratic institutions, or left little hope that any such institutions could ever be developed.

Too often, in the past countries devastated by war or oppression were left alone by the world community to heal themselves. Instead of healing, the same wounds grew worse. The same problems re-emerged. The same bloody conflicts ensued.

To reverse the cycle and to ensure long-term peace we must be ready to provide the expertise and experience that has kept our own societies relatively free of violence and oppression.

This includes such bilateral initiatives as our work on the establishment of electoral systems and election monitoring in South Africa. It includes the legal and judicial training we are providing in Haiti and the dialogue on human rights and human development taking place between Canadian and Chinese academics.

It includes the efforts we are making in Haiti — with the co-operation of the RCMP, one of the most respected and recognized police forces in the world — on police and security training. We are helping the Haitian police evolve from a combative and partisan organization into a neutral force for the protection of individuals.

It includes our work in El Salvador where we have initiated a social reconstruction program. It will carry out a number of projects to strengthen democratic processes, human rights, and the condition of women as well as help integrate back into society those who have been involved in the fighting and others who have been displaced by it.

Our aid program also plays an important role in the protection of human rights. The purpose of Canada's development assistance is to promote sustainable development in developing countries. A priority of our aid program is to increase respect for human rights and to promote democracy and better governance. In almost all situations, it is possible to take a constructive approach by supporting the work of governments, NGOs [non-governmental organizations] and international organizations to build respect for human rights.

But, in some cases, it is not possible. In some cases, we must seriously consider the value of assistance to regimes that do not respect the rights of their own citizens.

Those who are more concerned with the size of their military arsenal than with the welfare of their people cannot expect to receive international aid without conditions.

We are also discussing with our allies and friends — such as Japan and others with large ODA [Official Development Assistance] budgets — ways to act together to assertively bring home the message and encourage certain recipient countries to get their priorities right.

Our goal is not to punish countries, and thereby punish innocent populations, whose governments abuse human rights.

Our goal is to change the behaviour of those governments.

I want to compliment the work of all Canadian NGOs in their work for the cause of human rights. As a bilingual country with an NGO community that has strong links to both English- and French-speaking countries, we have a special role to play in areas such as Africa, which contains many of the countries with the greatest need.

We also encourage activities of NGOs and other institutions to build linkages on their own where, at times, we are not able to. The International Centre for Human Rights and Democratic Development is an excellent example of an organization that is making a real difference in the world. Another example is the Canadian Human Rights Commission, which is helping in the development of similar commissions in other countries.

As I think most people agree, promoting human rights and pursuing trade are seldom, if ever, mutually exclusive objectives.

In fact, growing trade and the increased economic prosperity it brings will often help to nurture more open and more democratic societies.

Governments that have opened their markets to international trade are likely to be more sensitive to the views and reactions of other countries. An inward-looking society that depends little on trade and international investments is less likely to respond to concerns raised by foreigners. Trade reduces isolationism. Trade also expands the scope of international law and generates the economic growth required to sustain social change and development.

We support the building of more and better trade linkages between and among all nations of the world, and we will continue to work toward a better, more open and freer world trading system.

Just as Canada was engaged at the beginning as a founding member of the United Nations; in helping to draft the Universal Declaration of Human Rights; in reaffirming its principles at the world conference in 1993 and in countless interventions and peacekeeping missions in between, we intend to stay engaged in all parts of the world.

We do not favour isolationism. We do not believe in cutting ourselves off from other countries even if we do not like their human rights records. We believe that the way to help bring about change is by confronting the issue head on.

We must, and we will, continue to insist in all areas of the world that crimes and atrocities against individuals not go unpunished. We will continue to take a lead – as we have in Rwanda and in the former Yugoslavia, for example – in the establishment of war crimes tribunals to bring guilty parties to justice.

But, as difficult as the human rights issues we must face appear to be, we also need to be aware that there is cause for hope and optimism on many fronts.

The definition of "national security" has shifted to the economic, social and political security of people within societies. We want to encourage that shift. One of Canada's major objectives at this year's World Summit for Social Development held in Copenhagen was to promote the acceptance of a people-centred approach to sustainable development, good governance and respect for human rights and diversity.

By putting the focus on human needs, we are trying to deal with global issues that in many ways transcend the power, ability and scope of individual governments. We hope that in so doing, we not

only will have helped to create an awareness of the importance of the new challenges, but also will have inspired people to work on collective responses.

We do not fool ourselves that this will create instant solutions. The problems we face will not yield to quick and easy answers.

But, we have made a beginning. And, as the United Nations and the Bretton Woods institutions celebrate their 50th year, we have rededicated ourselves to making these international bodies more responsive and more relevant to the needs and hopes of people the world over.

This will be the focus of discussions when the G-7 leaders meet in Halifax in June.

Canada has supported and will continue to support the United Nations in its efforts to tackle complex and interrelated global issues — issues such as those discussed at the Children's Summit, the Rio Summit on Environment and Development, the Conference on Human Rights, the Conference on Population and Development, and the World Summit for Social Development, and which will be discussed this September in Beijing at the World Conference on Women.

In mentioning the Beijing Conference, I want to underline one point that, frankly, cannot be overemphasized: the UN Charter's promise of rights and freedoms for all will not be fulfilled until the rights and equality of over half the world's population are fully recognized and respected in all countries. Canada is working closely with the UN High Commissioner for Human Rights to ensure that this message is heard loud and clear at the Fourth World Conference on Women.

By way of conclusion, let me say that while these conferences are important, they are not, of course, an end in themselves. They must be followed up by action. Meetings such as yours, which build on the work begun in Vienna, contribute greatly to this effort. I therefore wish to pay tribute to the International Centre and the efforts of Ed Broadbent, which have brought you here to discuss this urgent matter.

The goals of peace and security, development and prosperity are every bit as important and as relevant as they were 50 years ago.

I believe there is cause to be optimistic and there is cause to hope that one day we will clear away the ignorance and fear that breed oppression and abuse of human rights.

Thank you.

Statement

95/29

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADIAN BANKERS' ASSOCIATION
"THE WORLD IS OUR MARKET" TRADE FINANCE SEMINAR



TORONTO, Ontario
May 15, 1995



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I am delighted to have this opportunity to address today such an impressive group of small and medium-sized companies who wish to expand their export sales or who may be considering entry into the export market. It is always gratifying for an International Trade Minister to witness the eagerness of new exporters in looking beyond Canada's borders to promising business opportunities.

I commend the Canadian Bankers' Association for organizing this trade finance seminar, as the world has become even more our marketplace.

Events over the past year have again demonstrated the central importance of international trade and investment to Canada.

In 1994, Canadian exports increased by 21 per cent, reaching \$219 billion. Our annual trade surplus totalled \$17 billion, up almost \$8 billion from 1993. Merchandise trade surpluses with both the United States and Japan again increased.

Yet at the same time as we post such impressive trade records, we must recognize that our exports today rest on a foundation that remains too narrow, with few firms still accounting for the majority of our total exports. Too few of our country's small businesses are involved in international markets.

It is well known that small and medium-sized enterprises are the fastest-growing component of the economy. They are the most knowledge-intensive, the most responsive to rapid change, and the largest creator of new jobs.

During the 1980s, firms with fewer than 100 employees created over 2.3 million net new jobs, or 87 per cent of the total growth in employment. During this decade, they have the potential to perform even better. In fact, today about half of all Canadians employed in the private sector are in businesses with fewer than 100 employees.

This is an impressive national resource with tremendous job- and wealth-creating capabilities. However, its potential will not be fully realized until smaller companies become much more active exporters.

Falling trade barriers, new technologies and global trends have opened doors abroad for smaller companies. Facing global competition has now become an integral part of any serious business plan.

The arithmetic is simple. In the global market for many niche products and services, Canada often accounts for only 1 per cent or so of global consumption. Companies that do not export are often ignoring literally 99 per cent of their potential customers.

As the world economy becomes more open, the distinctions between domestic and international markets are becoming more blurred.

The development of your export capabilities is in fact an investment. It is a long-term commitment which will have an impact on all aspects of your business operations. As with any such undertaking, there will be challenges and obstacles. However, countless exporters can attest to the fact that the effort is well worth it.

In fact, many exporting firms will acknowledge that exports are the basic reason their businesses are flourishing.

Our government is committed to helping smaller companies play a larger role in exports. To that end, my department has shifted the focus of its services to meet better the needs of small and medium-sized businesses.

Backed by a range of specialized information and trade promotion programs and services, my department's trade commissioners serve in 128 locations around the world. Last year, the Trade Commissioner Service marked its 100th year of experience in opening doors to foreign markets. It knows the ropes, and can help smaller exporters deal with the challenges of complex foreign business environments.

From their 10 locations across Canada, the federal government's International Trade Centres [ITCs] can help companies identify market opportunities, develop foreign marketing plans, and get information on government support programs. They are the first point of contact with the federal government for new exporters. As part of their services, the ITCs are electronically linked to our trade commissioners abroad.

Our long-standing Program for Export Market Development — PEMD as it is known — and our support for Canadian participation in international fairs and missions are now centred on smaller enterprises. Then there are the programs to provide hands-on training to new exporters to the U.S. border states, Mexico and Europe, starting when the decision to export is first being examined.

To that end, my officials work closely with the Forum for International Trade Training [FITT]. The FITT philosophy is that to compete successfully in world markets, a company that wants to export has to act like a long-distance runner training for a marathon. In doing so, FITT provides a wide range of services which can be customized to the skill and experience levels of participants. This year the program is operating in 30 community colleges across Canada, with some 1000 students registered.

FITT is a major undertaking, patterned after the government-business training vehicles that have long been in operation in Germany and Japan.

As such, FITT has received federal and provincial government funding, along with the support of business associations, including the Canadian Chamber of Commerce, the Canadian Exporters' Association and the Canadian Manufacturers' Association.

This represents a degree of co-operation not before seen in Canadian export circles. It is a model that we as a government seek to expand by bringing in even more partners to work with smaller companies - in particular, banks and other financial institutions.

As much as it is essential that more Canadian companies engage in exports, the increased involvement of Canadian banks and other financial institutions is key to transforming Canada from a trading nation to a nation of traders.

It is with this in mind that, one year ago, I joined the Ministers of Finance and of Industry in a meeting with the presidents of the major banks and the Export Development Corporation - or EDC - Canada's official export credit agency. At that meeting, we discussed additional ways in which we can collectively further the capacity of Canadian companies to export - in particular small businesses.

The problems are well known. Small exporting businesses are faced with unique financial requirements and tough financial challenges. The most common difficulties are those of gaining access to capital for export-driven growth; getting full value for foreign receivables on operating lines of credit; and the limited availability of export financing to developing countries.

As a result of our meeting with EDC and the banking community, there are a variety of ways in which financing support to exporters is being improved.

EDC has recently formed a specialized business team dedicated to serving the export insurance and financing needs of small business. The new team's objectives concern easier access, simplified procedures and faster turnaround times.

As well, the Federal Business Development Bank (FBDB) is focussing more on the needs of small and medium-sized exporting firms. They are expanding their programs that are targeted at making available to exporters much needed start-up and operating capital.

In terms of cash-flow, the pre-shipment period of an export contract is often critical to a small business. To help ease this

cash-flow burden, the Canadian Commercial Corporation — CCC — has developed a Progress Payment Program delivered through bank branches. The Progress Payment Program helps small and medium-sized businesses obtain pre-shipment financing for export sales beyond that normally available to them.

Another frequently cited problem of export financing is the uneven treatment of foreign receivables in terms of margining against operating lines of credit. The Export Development Corporation has been working closely with banks in extending operating lines of credit to Canadian exporters against their foreign receivables.

Clearly, adequate financing to exporters is critical. However, equally as important in developing international trade is the availability of financing to an exporter's foreign customer. As we know, a good financing package can often make or break the sale.

This is particularly true in markets of emerging economies. To that end, EDC is currently working with banks in developing two frameworks for foreign risk sharing to encourage banks to participate actively in international financing and to increase the overall availability of financing to foreign markets. One of these frameworks is targeted directly at supporting smaller exporters.

In a similar vein, a new company was launched several months ago, called Northstar Trade Finance Inc. This innovative firm provides medium-term export financing for smaller export sales. Northstar was developed with support from federal and provincial governments, the Bank of Montreal and an EDC insurance arrangement.

Making more or better financing available to exporters is one of the key objectives that we have been pursuing with banks. Another related goal is to help exporters to become more efficient at accessing available capital.

Today's seminar helps to provide the opportunity to acquire the tools necessary to make the best use of the trade finance products and services available from both public and private sector financial institutions.

Similarly, as part of our discussions with banks, we identified the need to increase the knowledge of bankers about the business of exporting and the challenges faced by exporters. As a result, the Institute of Canadian Bankers has put together a seminar for account managers involving senior bank trade specialists and representatives from my department and the Export Development Corporation. As companies generally turn to their bankers for export financing information, this seminar should help bankers serve their clients better.

As I have said, our work with the banks has resulted in some progress. However, much remains to be done if banks are to engage fully in fostering Canadian exports.

Among the initiatives I have just outlined, the pace of progress and innovation should be accelerated, particularly in two areas:

- First, I hope very much that the foreign receivables program, aimed at combining the resources of the Export Development Corporation and the banks to improve the treatment of foreign accounts receivables can move immediately into the pilot stage of testing with Canadian exporters;
- Second, the Export Development Corporation frameworks for risk sharing on medium-term financing with the banks should move as quickly as possible into the operational stage.

Both of these new financial services need to be tested in the marketplace.

When inviting our financial institutions to tackle the export challenge and to adjust to the realities of the new, global economy, I am not suggesting that banks take unreasonable financial risks in support of questionable ventures.

Indeed our initiatives are based upon risk sharing among private and public sector financial institutions.

I am suggesting that our banks can and should develop the ability to assess better foreign risks and be as astute and effective at providing financial services to exporters as they are at providing such services in support of more traditional domestic transactions.

I recognize that this is not a simple task.

It requires nothing less than a shift in corporate culture and a commitment to make the necessary efforts in developing the expertise, the programs and the services to meet the needs of exporters. Canadian exporters expect no less from their financial institutions.

Addressing the gaps in the export financing support available to small and medium-sized enterprises will continue to be a priority for the Government. By pooling the resources and talents of both our public and private sectors, governments, banks and companies, we shall reap the rewards in export markets and generate jobs and growth at home.

Thank you

95/30
Statement

95/30

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE INDO-CANADIAN BUSINESS ASSOCIATION



SURREY, British Columbia
May 5, 1995



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It is indeed a pleasure to be here this evening to talk to you about Canada's commercial relationship with India, and more specifically, about my recent visit to that country. First of all, let me say that the enthusiasm I see here – and witnessed in India – reflects the positive direction of Canada-India relations.

In March I travelled to India, accompanied by a delegation of over 40 Canadian business leaders, and I was most impressed with what I saw. As Canada's Secretary of State for Asia-Pacific, I have visited many countries in this immense and varied region. What struck me most during my trip was the remarkable progress of India's program of free-market economic reforms and the potential this offers for Canadians, who already enjoy such profound historic ties with India.

These linkages form a strong foundation on which we can build a more mature bilateral relationship across a whole range of activities, with the greatest emphasis being on our mutual economic and commercial opportunities.

We should now be putting all our energy into enhancing this friendly and constructive relationship. You may well ask how this is to be achieved. The answer lies in our commonality of interests, our shared aspirations about the future and our shared membership in the broader community of Asia-Pacific relations.

Canada and India have had diplomatic relations for almost half a century, with a history of bilateral co-operation that predates India's independence. We have been partners in various multilateral fora, including the Commonwealth, United Nations peacekeeping operations, and now the new World Trade Organization. We have enjoyed close bilateral ties in the area of development co-operation since the days of the Colombo Plan.

On the human side, over half a million immigrants have come to Canada from India since the turn of the century. Many Indians have come for higher education (and I hope more students and scholars will come). Still many more visit Canada each year for business and pleasure. The Indo-Canadian community has contributed to Canada's rich and diverse cultural, ethnic, and religious mosaic. Canadians of Indian origin, whether representatives of big companies, or entrepreneurs from our dynamic small and medium-sized business sector, can contribute to the national effort we need.

They will add empathy to our Indian ties, the level of cultural affinity so long of benefit to our North American and European links. Much of our success in realizing our aspirations in business will have to do with the success we have in linking our peoples.

The Indo-Canadian community has maintained and nurtured its ties with India, and successive Canadian governments have encouraged

this is to continue. It is a source of strength for both Canada and India, and provides depth to our relations. This was extremely evident during my visit to India, as many members of the trade delegation were Indo-Canadians.

Commercial opportunities will undoubtedly provide the backbone for a new era of Canada-India relations. While some of the firms accompanying me on my visit were experienced in the Indian market, most were newcomers to India. Many were small to medium-sized enterprises, which generate most of the new jobs in Canada, and which are the main target of our country's international business development strategy.

Canada and Canadian business have developed greater confidence in long-term agreements in India. As I witnessed first-hand, India's economic liberalization program and its emergence into the broader trading world have contributed to this increased confidence.

The transition has extensive implications for India as a nation and for the sustainability of India's economic development. While we recognize that even positive change can be difficult and that the benefits are not always immediately evident throughout society, Canada continues to strongly support the economic reform program and urges India to stay the course.

This was the message I shared with the more than 10 union ministers I met, including the impressive Minister of Finance, and the Ministers of Commerce, External Affairs, Home and various sectoral ministers. I also relayed these comments when I met with the Chief Ministers of the Punjab and Haryana, and to senior business leaders at both the CII [Confederation of Indian Industry] and the Joint Business Council. I was also pleased that members of the trade delegation joined me on several of my calls to Ministers and thus were able to hear my messages and more importantly, were able to push their specific projects at the highest levels of Indian government.

One of the most impressive ministers I met during my visit was Finance Minister Singh. I met the Finance Minister the day before he brought down his budget, and he was engaging, knowledgeable and well-briefed on Canada. We discussed the economic reforms he is instituting and we explored the prospects for future reform in the financial sector. Minister Singh noted that in his budget speech he would announce provision for the establishment of a regulatory authority for the insurance industry as a clear first step in the liberalization process.

The Finance Minister and many of his cabinet colleagues assured me that the forward-looking leaders of the Indian government and business community will continue to press ahead with economic liberalization. Further reforms, transparency and certainty

about the rules of the game will be essential to sustaining international business confidence.

As we enter into this new and exciting period in our relationship, we want to capitalize on opportunities for greater India-Canada commercial co-operation.

India's continuing efforts to modernize its infrastructure – especially in the areas of power generation and distribution, telecommunications services, transportation, and environmental protection – present enormous challenges for both our countries.

Canadian companies have great expertise in these sectors, which they have successfully marketed around the globe. During my visit, I invited our Indian counterparts to meet with our delegation and to visit Canada to learn more about Canada's expertise.

Here in Canada, we have developed a forward-looking strategy known as Focus: India, which will be the cornerstone of our business development efforts. Focus: India is a Team Canada approach that involves federal and provincial governments and, far more important, the private sector. It aims not only to raise Canada's commercial profile in India but to facilitate Canada-India business linkages, sharing technology and expertise with Indian industry.

But this limited new era in the relationship cannot be limited to commercial exchange alone.

We shall continue to co-operate in areas of sustainable development. We shall embrace the rich intellectual interchange provided by our academic and cultural relations. We shall continue to work together on important issues such as the environment. And, we shall continue to work through the Commonwealth and other international organizations to resolve the outstanding issues arising from the New World Order. We must also continue to address the more difficult and sensitive matters related to regional security and human rights in a mature and constructive manner.

In this regard, I met with several ministers to discuss concerns expressed by many Canadians with whom I have met over the last year and a half in my capacity as Secretary of State. With my visit host, Minister of State (External Affairs) Salman Khurshid and the appropriate other ministers, I made a strong pitch for Indian understanding of the problems caused in Canada by the alleged ill-treatment of some visiting Canadian nationals when they arrive in India. Both Minister Khurshid and Home Minister Chavan assured me they would address these concerns. I have instructed my officials in Ottawa to monitor this issue closely and I am in regular contact with our ambassador in New Delhi.

Incidentally, I was most impressed with our new ambassador to India, Stanley Gooch. There is not a better ambassador for Canada anywhere in the world.

In closing, I have a firm vision of a very close, mutually rewarding and multi-dimensional relationship between Canada and India in the 21st century.

You have my assurance that our government is committed to this goal, and that we will strive together with our friends in India to see this happen. As I repeated again and again during my visit, Canadians look forward to building partnerships with India as it strides forward to achieve its vast potential.

Thank you very much.

Statement

95/31

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
BEFORE THE STANDING COMMITTEE ON
FOREIGN AFFAIRS AND INTERNATIONAL TRADE



OTTAWA, Ontario
May 16, 1995



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Mr. Chairman:

I am delighted to be here with you today, and to have the opportunity for the second time since the beginning of the year to meet with you as a group and answer your questions.

I know that you have met with the Deputy Minister of Foreign Affairs and the Associate Deputy Minister of Foreign Affairs, the Assistant Deputy Minister of the Corporate Services Branch, and the President of the Canadian International Development Agency [CIDA] and her Vice-President of Corporate Affairs. I attach a good deal of importance to the role played by the Committee and its members, and am pleased with the degree of co-operation that exists between my department and you.

This year, the Department of Foreign Affairs and International Trade has undergone the most extensive review of its mandate, structure and operations in over 10 years.

You were a part of this, since the new Foreign Policy Statement, *Canada in the World*, would not have been possible without the excellent report of the Special Joint Committee Reviewing Canadian Foreign Policy.

The Department has also contributed fully to the program review. Of course, this review imposes certain reductions on us. However, I can assure you that these reductions will not keep us from following through with our new foreign policy.

As you know, the Foreign Policy Statement has outlined three objectives for international action. These objectives aim to support the recommendations of the Joint Committee, and are mutually reinforcing:

- The promotion of our prosperity and employment;
- The protection of our security in a stable global environment;
- The projection of our values and our culture.

Needless to say, in order to fulfil these objectives we will have to fully utilize all our foreign policy instruments, including international trade and international aid.

The program review calls for reductions within the Department of 5, 10 and 15 per cent over the next three years. We have tried to implement these reductions in a way that will minimize the impact on program delivery and on the provision of our services to Canadians.

We shall fulfil our objectives by reducing corporate services, increasing costs payable by clients, making reductions in the grants and contributions paid to non-governmental organizations [NGOs], and reducing staff in our major missions. We shall also fulfil our objectives through other administrative means, such as

reinvesting profits from certain property sales in order to reduce rental costs.

I have done my utmost to avoid closing missions abroad. In fact, the Government is very interested in the possibility of finding innovative ways of extending our representation abroad. In particular, we are thinking of creating micro-missions, with one or two Canada-based employees supported by a larger mission located elsewhere. We are also considering new possibilities for joint leases with other countries, such as Australia.

Thus the main estimates for the Department of Foreign Affairs and International Trade for 1995-96 total \$1.3 billion, a reduction of \$104.9 million (7.5 per cent) from last year.

As I have said, in spite of the budgetary restraints we face, we must continue to fulfil our foreign policy objectives. We must exercise stricter control measures and constantly improve our management practices. Already the key objectives of the Department's employees are responsibility, cost reduction and better financial control.

As you know, our prosperity as a country depends on our ability to export and to conquer new markets. More than half of the Department's staff abroad are dedicated to the delivery of trade, economic and investment programs.

The recommendations on ways of making savings and recentring our resources were provided by the business community through a review of international trade headed by Mr. L. R. "Red" Wilson.

In order to follow through on the recommendations of this committee, we will restructure our Program for Export Market Development [PEMD] so that the main beneficiaries are the SMEs [small and medium-sized enterprises]. This restructuring alone will enable us to make savings in the order of \$7 million over three years.

I know that some of you are interested in the SMEs and are following with interest the new initiatives we have taken concerning them. We must not forget that the SMEs make up over 90 per cent of our clientele, and thus deserve increased support on our part. I do not intend to speak on behalf of my colleague, the Minister for International Trade, whom you will meet Thursday, but I would nonetheless like to outline a few of our initiatives in this area.

The Department has been working with the Export Development Corporation [EDC], the Canadian Commercial Corporation [CCC] and the banks in order to increase the financing available for small exporters. New programs have been or are being set up, including

the CCC's progress payment program and the EDC's guarantee mechanism for accounts receivable.

EDC and the banks have also agreed to share the risk in the case of medium-term financing for SMEs whose export sales do not exceed \$10 million.

We have opened the Canada Business Centre in Mexico City. This centre offers exhibition space and temporary offices for Canadian businesses, especially SMEs. It is a pilot project that could serve as a model for similar future initiatives elsewhere.

You all know the growing importance of the Asia-Pacific region, both politically and commercially. The Department has raised its profile in the region, using its own resources:

- by appointing an ambassador to Hanoi;
- by opening a trade office in Ho Chi Minh City;
- by opening a trade office in Pusan, Korea;
- by opening a consulate in Guangzhou, China; and
- by establishing additional trade officer positions at some of our embassies, such as in Jakarta.

Like all other departments and agencies, CIDA has contributed to our efforts to reduce the deficit. CIDA will have to cope with a substantial decrease in resources allocated to the international assistance envelope, which will be reduced by \$381 million this year and next, a decrease of 15 per cent.

In making these cuts, care had to be taken to avoid jeopardizing CIDA's ability to apply the principles that lie at the heart of the Statement on Foreign Policy. The Statement gives CIDA the mandate to support sustainable development in developing countries. The Statement also defined six priorities for Canadian official assistance:

- to meet basic human needs;
- to promote the participation of women in development;
- to deliver infrastructure services;
- to protect and promote human rights;
- to support private-sector development; and
- to protect the environment.

In terms of basic human needs, I am happy to see that the Government and the Joint Committee fully agree in this regard.

As suggested by the Committee, the Government has in fact made a commitment to allocate 25 per cent of official development assistance to meet the basic needs of primary health care, basic education, nutrition, water quality, sanitation works, and housing. Having adopted all of these decisions, we can say that

the Official Development Assistance Program now has a clear mandate and specific objectives.

The budgetary measures implemented by CIDA follow the principle that we should give priority to NGOs that work in developing countries. It is consequently the responsibility of these organizations to make Canadians aware of the problems of development and to support the involvement of young people in their programs. For this reason, I have decided to cease supporting organizations that work only in Canada.

Public participation is an integral part of the Agency's programming priorities, and steps must be taken to include this element in the regular programs of its partners, who are better equipped to forge ties with the public by virtue of their presence in developing countries.

If they wish, the development education organizations whose funding has been cut could join forces and submit new proposals supporting development activities in the field.

In closing, let me once again express my gratitude to the members of the Committee for the interest and enthusiasm that they show in carrying out their responsibilities.

I especially appreciate the honest dialogue that we have been able to maintain during these past few months. I believe that we still have a great deal to accomplish in the wake of the Statement on Foreign Policy. However, our ability as a government to democratize our foreign policy making process, and to involve as many Canadians as possible therein, largely depends on the work that you do.

Thank you.

Statement

95/32

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

"THE OCCIDENT EXPRESS: TOWARD TRANSATLANTIC FREE TRADE"



LONDON, England
May 22, 1995



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Since the end of the Cold War in 1989, political leaders have been searching for a new world order. This is curious, as the outline of such an order is in fact already taking shape before our eyes. This new order is being driven not by military or geopolitical considerations, but by the immutable forces of economics and technology. Its leaders are not generals or statesmen, but a vast army of entrepreneurs, innovators, investors and consumers who are fashioning a borderless world from the bottom up.

What is now missing is not a sense of where the world is headed over the coming decades, but the larger vision of how to get there. In years past, Europe and North America played a central role in building the new multilateral trading system, culminating in the recently formed World Trade Organization. We have each pursued deeper regional integration, first in the European Union and more recently in the NAFTA [North American Free Trade Agreement], which has, in turn, contributed to trade liberalization in Asia, in Latin America and beyond. But today Europe and North America appear strangely paralysed, seemingly unable to see a clear path forward, yet conscious that globalization is rendering the status quo obsolete.

The time has come to take the next logical step and construct free trade across the Atlantic. Already trade and investment flows justify a more structured economic framework – some \$250 billion in two-way trade, \$460 billion in investment, reflecting a combined transatlantic output of over \$2 trillion. Nor do statistics capture the essential quality of our economic relations; the extent to which North America and Europe are at the epicentre of a growing web of transborder investment, technology and ideas – the new arteries of the burgeoning global economy. For many industries, the existing continental arrangements, whether pan-American or pan-European, are simply no longer broad enough to encompass their interests. Global firms, operating in global markets, increasingly want global rules.

Beyond our trade and investment ties, Europe and North America remain the core of the global economic order. We share in principle, if not always in practice, a commitment to open markets and to the rule of law. Our political institutions, legal systems and cultural norms exhibit the same historical and intellectual roots. And in our two respective continental endeavours, in the European Union and to a degree in the NAFTA, we have created unique structures for regional economic co-operation and integration – structures that can, with imagination, provide logical building blocks for a yet more ambitious bridge across the Atlantic. Ours is a relationship that could be deepened more easily and more quickly than that between any other regions of the world.

But perhaps the real impact of transatlantic free trade would be felt in the world beyond. There is a palpable reluctance among some in the multilateral order to move much beyond the

commitments of the Uruguay Round — this despite the need to keep pace in the 1990s and beyond with accelerating global integration. For countries unwilling to liberalize further — for those professing fatigue — the message would be clear: that the Atlantic community has a dynamic vision of its future, that we are committed to additional economic liberalization, and that we are prepared to move forward on our own if necessary. As long as the goal is not to replace the multilateral system — still less to set up a defensive bloc — but to move beyond the commitments that we accepted in the World Trade Organization, then a new free-trade partnership of Europe and North America could set in motion a competitive dynamic to reduce barriers worldwide. In short, transatlantic free trade could revitalize the totality of the global system — and begin the critical process of bridging potentially exclusionary blocs.

This is not to minimize the challenges of reaching free trade across the Atlantic, especially in the wake of the bruising Uruguay Round negotiations. Yet it is precisely because there are outstanding issues to be resolved that a major new initiative makes sense. For this reason, we should set our sights high — on a full free-trade agreement or perhaps even, as Sweden's Trade Minister Mats Hellstrom recently suggested, on a common economic area. Industrial tariffs in most sectors are already low — on average between 2 and 3 per cent. We should be able to commit to phasing out all remaining industrial tariffs by agreed dates, leaving more detailed negotiations to those issues such as agriculture or textiles where agreement will be more difficult. Let Europe and North America be the first to recognize that the age of the tariffs is over and to move on to more pressing work.

British Foreign Secretary Douglas Hurd has suggested that we should now begin to deal seriously with non-tariff barriers. He is absolutely right. Increasingly, the real impediments to market access are buried behind national borders — in a myriad of differing standards and regulations, restrictive procurement practices, licensing procedures, and investment restrictions. More worrisome, these differences in domestic policy frameworks will be the growing source of interregional conflict — or "system friction" — in the years ahead. Here, too, progress might be more meaningful in a transatlantic context rather than on a broader, less homogeneous front. We have already agreed in principle to seek a high-quality investment agreement under the umbrella of the OECD [Organization for Economic Co-operation and Development]. The Vice-President of the European Commission, Sir Leon Brittan, has suggested that we work toward the mutual recognition of standards, especially in the sectors that will define the global commerce of the future such as information technology and telecommunications. Given the similarities of our legal systems, the transatlantic context might also lend itself to ambitious work on the competition/trade policy interface. Nor is the above by any means an exhaustive list of the "building

blocks" that could move the transatlantic agenda forward. The challenge will be to assemble a package of benefits and concessions – a single undertaking – to build collective momentum.

There is also the question of how to structure the negotiations between the European Union (EU) and the NAFTA. Here, the wrinkle is that the NAFTA is not a customs union. It is conceivable that, should Canada, the United States and Mexico be unwilling to accept the same levels of discipline in such areas as services, intellectual property or investment, the European Union would be left to engage in three separate bilateral negotiations – a precedent, however, that the EU had already established several years ago with EFTA [European Free Trade Association] countries. Yet surely the inherent advantages of a full NAFTA-EU deal easily outweigh these mechanical concerns. Beyond the obvious economic gains of bringing North America as a whole to the table, there is a simplicity – and symmetry – in linking an integrated Europe with an increasingly integrated North America; a simplicity that might be lost in a more limited European Union-United States context. For example, the missed opportunity to make headway in the increasingly byzantine area of rules of origin immediately comes to mind. More generally, an EU-NAFTA agreement would reinforce more clearly the totality of the transatlantic community. As the European Union and now the NAFTA move toward deeper integration, it only makes sense that the transatlantic relationship – the "Atlantic community" – should deepen as well.

A more fundamental question – and the one most worthy of attention – is whether transatlantic free trade would help or hinder the World Trade Organization. The answer really depends on the objectives of the agreement we craft. In basic macro-economic terms, the more ambitious the undertaking, the more trade-enhancing the results. It should not be forgotten that Article 24 of the GATT [General Agreement on Tariffs and Trade] – which stipulates that a free-trade area should cover "substantially all trade" – was designed, not to discourage comprehensive free-trade areas, but on the contrary to discourage the limited sectoral approaches that some might be tempted to pursue at the expense of other trading partners. More generally, if we have learned anything from the events of recent years, it is that dynamic, outward-looking regionalism can be a powerful engine for worldwide trade and investment liberalization. In an era when economic barriers are becoming so many self-inflicted wounds – a sure way of being isolated from increasingly global investment and production decisions – the race is to liberalize farther, faster. A vast transatlantic free-trade zone would create an irresistible competitive dynamic, the cumulative effect of which would be to advance the frontiers of worldwide free trade. As such, it would be the most effective way to ensure that Europe and North America remain an engine, not a brake, in the total global system.

In the end, this debate is as much about our global competitiveness and our global economic leadership as it is about transatlantic relations. Here we should not underestimate the role that ideas – what was once inelegantly described as "the vision thing" – play in building momentum. In the mid-1980s, the idea of a single European market – Europe 1992 – provided a critical jump-start to economies and societies languishing in recession. An even more ambitious vision of an integrated transatlantic market would provide at least as much impetus to a North Atlantic renaissance. The argument that the difficulties are simply too intractable should be turned on its head. What are the economic and social costs of not deepening our relations? What are we losing in potential production and additional jobs? Which market inefficiencies and rigidities are we needlessly leaving in place? Have we really taken transatlantic relations as far as they can go?

Recent concerns about continental drift – and not just in the economic sphere, but in security and political matters as well – suggest that the answer to all of these questions is no. Henry Kissinger has noted recently that "it is probably no longer possible to build an Atlantic relationship exclusively on security issues." I would go further and argue that some form of economic underpinning is the *sine qua non* of a sustainable relationship. In this respect, Europe's experience is instructive. When Jean Monnet and others first dreamt of building a European community they started from the bottom up. That is to say, theirs was a structure founded first on free trade, building progressively over the years toward greater levels of economic and political integration. From the original Coal and Steel Community, through to the Treaty of Rome, the Single European Act, the 1992 Single Market initiative, the Maastricht Treaty and now the pending Intergovernmental Conference, Europe has become more integrated, more co-ordinated, and better positioned to play again its full role on the world stage. What Europe has discovered is that an economic architecture can provide the girders for a larger political purpose and wider global influence. With the waning of the Cold War and the declining saliency of Western security, it is now the Atlantic community that must move from a relationship defined by common security imperatives to one increasingly defined by shared economic interests – or risk withering away.

So where do we go from here? The transatlantic debate is well under way. In both Europe and North America there is a growing consensus that the relationship must grow. Prime Minister Major of Britain and Foreign Minister Klaus Kinkel of Germany are only two who have recently advocated the trade linkage. Now we are entering a more difficult phase: determining what kind of new relationship we envisage. In this respect, Sir Leon Brittan and most notably Douglas Hurd have taken the debate an important step forward by examining many of the complex questions involved in

reinventing Atlanticism – questions that will demand thoughtful study and thoughtful answers in the months ahead.

What is becoming clear is that we need a context – a forum – within which we can begin to give expression to our common desire to move the transatlantic relationship forward. We should consider forming a transatlantic Eminent Persons Group largely or exclusively from the private sector to begin to develop a more detailed road map for the way forward. In Germany, Canada, Britain and the United States – to name but a few – there are already national groups at work exploring how the increasing momentum toward transatlantic free trade can best be channelled. An Atlantic Eminent Persons Group might begin to examine trends in trade and investment flows across the ocean – the outlook, say, for the medium term to the year 2000. The group could also identify tariff and non-tariff constraints that should be addressed by governments. And it should broadly identify priorities for future trade negotiations, including examining the gaps between existing structures or agreements. Such a grouping might report by June 1996 to a meeting of ministers or leaders representing Europe and North America – an Atlantic Summit – so that we can begin to discuss these issues around the same table.

If the Cold War era was shaped by a world divided, the new global order will be shaped by a world converging, oftentimes at a dizzying pace. This poses its own challenges as well as opportunities. The diffusion of economic power, the rise of Asia, the advent of great regional blocs – all are manifestations of a global system in which we are at once more interdependent and less cohesive. In this sense, the challenge we face in the post-Cold War era is not unlike the challenge that has confronted the international system in the wake of all great upheavals: how to create a sense of collective purpose – a unifying vision – in the absence of a unifying threat? After the Napoleonic wars, it was the Concert of Europe; after the Great War, the ill-fated League of Nations; after the Second World War, Bretton Woods and the United Nations system. What is to be the new architecture in the aftermath of the Cold War? Where is the glue?

Last year, when Prime Minister Chrétien and I spoke about building an economic bridge between Europe and North America, the idea was treated as almost whimsical – at best a distraction from more pressing interests in Asia and Latin America, at worst a romantic echo of a bygone era. Today I can scarcely read the international press without finding some article or commentary on the transatlantic link. Perhaps this is because the transatlantic relationship is perceived, if only intuitively, as a cornerstone – and a foreshadowing – of relations in the broader global order. We are a set of countries that must ultimately stand together, must work together, must continuously reinforce our shared global interests. To the extent that technological change is altering the foundation of our post-war relationship

and creating the potential for friction, we need to rediscover the ties that bind. It is not that deeper transatlantic co-operation is an alternative to broader global co-operation; it is rather that a strong North Atlantic architecture is central to our ability to manage and advance a larger global agenda.

President Kennedy once said of the Canada-United States relationship that "Geography has made us neighbours. History has made us friends. Economics has made us partners. And necessity has made us allies." The same holds true for all the countries that share the North Atlantic. If we in Europe and North America can find the will to progress in our relationship, it will be good news, not just for the Atlantic community, but for the world.

Thank you.

95/33
Statement

95/33

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE OECD MINISTERIAL
STRENGTHENING THE MULTILATERAL SYSTEM

"BUILDING ON THE URUGUAY ROUND ACHIEVEMENTS"

PARIS, France
May 23, 1995



Government
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In my intervention today, I intend to address three issues:

- first, the fragile nature of the rules-based trade system we have all worked so hard to create, and the clear imperative to live up to the commitments made at Marrakesh;
- second, the need to build on the Uruguay Round results and maintain the momentum of trade liberalization; and
- third, a specific proposal of how the OECD [Organization for Economic Co-operation and Development] can do a better job in helping us achieve our shared objective of open markets.

Some might say we deserve a sabbatical year, but it is evident that the world is not going to give us one. Recent events send a wake-up call that there is an important unfinished trade agenda.

Increasingly our efforts must be directed to removing the barriers to trade represented by domestic policies, as well as remaining border measures.

We all agree that our first priority is to build a strong and effective WTO [World Trade Organization] to oversee the operation of the multilateral trading system. We are clearly not there yet. What is required is much more than additional resources to fulfil an expanded mandate. We need the commitment of governments – in particular the governments represented around this table – to renounce measures which are inconsistent with the new rules. We need a commitment to rely on the new dispute settlement procedures – rather than retaliation – when negotiated solutions prove impossible. Most important, we need to marshal the political will to move the agenda forward, to tackle the new issues, to deepen and strengthen the overall system.

Do we believe in a rules-based system and freer trade? Or is this hollow rhetoric? We have invested much time and effort in constructing an improved WTO dispute settlement system. Threats and counter threats, and worse still, implementation of punitive trade measures puts at risk what we have all worked so hard to achieve.

At the same time, serious market barriers and discriminatory restrictions continue to exist – and this is not limited to certain countries. Growing trade friction is not a sign that we have taken liberalization and integration too far, but rather that we have not gone far enough.

The status quo is unacceptable – it is also unsustainable. I ask myself why these issues were not addressed in the Uruguay Round. The answer may be that the Uruguay Round addressed 1982 issues and that we now need to tackle 1995 issues through negotiation.

I urge others here to assume their global leadership responsibilities – to engage without delay in negotiations to provide real improvements in market access – comprehensive negotiations that, in

addition to eliminating remaining barriers at the border, provide opportunities for real competition within domestic markets. The WTO is the proper forum for such negotiations. Let's use it.

Canada, for its part, is prepared to commit to further ambitious negotiations to liberalize trade. We shall continue to argue — even in the face of those who profess fatigue — that we need to begin to lay the groundwork for the next round.

OECD members have a responsibility to map out a plan for further trade liberalization — a plan that consolidates what has been achieved and that sets out an agenda to maintain the momentum for trade liberalization, because analysis demonstrates that open markets generate growth and new employment opportunities. Closed markets sanction uncompetitive practices and increase costs to consumers and governments.

A comprehensive plan for further trade liberalization should include the following elements:

- First, successful completion of the current negotiations on services, beginning with financial services. If we are to succeed, countries represented here will need to make specific efforts to improve their offers in the services sector as a whole so as to create the conditions for a liberal, MFN [most-favoured-nation] regime for financial services under the WTO.
- Secondly, our decision this week to launch negotiations of a high standard agreement on investment is an important step. Global investment flows have grown dramatically. An agreement which is open to non-OECD members will strengthen the multilateral trading system. We should invite the WTO Secretariat to observe the negotiations. We should begin informal discussions in Geneva with non-OECD countries to lay the basis for decisions in 1996 to include investment in the WTO work program.

A free-standing negotiating group would greatly facilitate our work. The Council of Permanent Representatives should be asked to make recommendations quickly on the structure for the negotiations to achieve this objective.

Services and investment disciplines are critically important, but they are not in themselves sufficient.

Our business community is asking that we tackle the significant barriers that exist inside borders, such as standards and regulations. Work in the OECD is supporting our individual efforts of regulatory reform. We need to find ways to reduce the costs and eliminate the impediments created by differing standards on testing and certification.

Domestic policies in the area of competition law can impact on market access. We should accelerate our work in the OECD and elsewhere to bring us to a point where decisions can be made within two or three years on whether to initiate negotiations of a multilateral trade and competition agreement. Such an agreement could include general trade principles such as transparency and national treatment, common standards, and the means of enforcing such standards.

A forward-looking trade agenda would not be complete unless it includes, as an objective, elimination of remaining barriers at the border.

We recognize that globalization of the world economy results in far greater interaction of trade and other policy fields than ever before. The work on some issues, such as trade and the environment, is well advanced in both the OECD and WTO. The OECD has made a good start on trade and labour standards. Some have advocated initiating a discussion of trade and labour standards in the WTO. They need to articulate more clearly the purposes of such a discussion. Although we are open to discussion, we continue to oppose the use of trade sanctions to compensate for failure to achieve multilateral consensus and binding commitments on questions of human and workers' rights. Our analysis should be aimed at ensuring that rules in these areas are complementary, while not jeopardizing the goal of continued trade liberalization.

The OECD must take the lead in advancing the frontiers of trade liberalization and be prepared to challenge, through rigorous analysis and debate, those who oppose moving forward. A priority for the OECD must be further study and research focussed not just on the economic benefits of liberalization but on the costs of protection - from border tariffs to anti-dumping measures, to export subsidies. We should turn the argument against further liberalization on its head - what are the costs of status-quo protectionism? What are we forgoing in terms of lost employment and production? What inefficiencies are we needlessly leaving in place?

Mr. Chairman, the Canadian government firmly believes that the strength of the multilateral trading system is directly linked to our individual and collective commitment to making it work. We need to remind ourselves continually that the system we have so arduously negotiated provides the best possible basis for continued economic growth and jobs. Although we have achieved enormous progress in recent years, culminating in the successful conclusion of the Uruguay Round, the challenges before us are still immense. Here at the OECD, we are well placed to develop the means to meet these challenges. By endorsing a clear plan of action, OECD ministers can make a substantial contribution to a further opening of the world economy and to a successful outcome at the WTO Ministerial Meeting in 1996.

Thank you.

Statement

95/34

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE NATO COUNCIL
"THE SITUATION IN THE FORMER YUGOSLAVIA"



NOORDWIJK, The Netherlands
May 30, 1995



For over three years now, the UN troops deployed in the former Yugoslavia have been working valiantly to minimize the effects of the war on the civilian population and to keep the conflict from spilling over into the neighbouring countries. A number of soldiers have paid for these efforts with their lives, and I would like to pay tribute to them today. Nor must we forget the tragic death of Mr. Irfan Ljubijankic, the Bosnian Minister of Foreign Affairs. Our governments recognize and accept all the risks involved in peacekeeping operations. But this cannot diminish in any way the pain felt by the families of those who have died, or the anxiety felt for the soldiers who are there now carrying out the task assigned to them by the international community.

To illustrate the great concern felt by Canada over this issue, our Parliament yesterday held a four-hour emergency debate on the situation in the former Yugoslavia.

The dramatic events of recent days have crystallized public attention around the role played by UNPROFOR in Bosnia-Herzegovina. They have also brought to the fore the question of whether the UN and the international community are really capable of promoting conditions that can lead to the cessation of hostilities and bring the belligerents back to the negotiating table. The parties to the conflict are very aware of the media impact of the current crisis on the voters in our countries and will continue to do everything they can to play on the frustration and impatience of public opinion.

So far we have been able to convince our publics of the importance of this operation, despite the periodic crises that have arisen. However, the use of hostages as human shields against NATO air strikes and the confrontations between UNPROFOR and the Bosnian Serb forces mean that this time we must seriously question the credibility of the UN forces and of the international community's efforts to find a negotiated settlement to the conflict in the former Yugoslavia.

The present crisis brings us up against a number of contradictory aspects of the UNPROFOR mandate, mainly where the "safe areas" and the "exclusion zones" and the use of force to support humanitarian aid operations are concerned. The situation also brings to light the discordant nature of the actions taken by various players. The lack of a strong consensus in the Security Council and in the Contact Group, certain diplomatic initiatives that have been taken, the differing views among groups of troop-contributing countries, all these factors leave the door open for manipulation by the parties to the conflict. This way of doing things, too often dictated by domestic policy considerations and narrow national interests, cannot be allowed to continue.

At this crucial time for the future of UNPROFOR, Canada believes that three conditions must be met if the international community is to take back the initiative.

To begin with, the multiplicity of approaches has created ambiguities on which the parties to the conflict are capitalizing in their relations with the various players. Consequently, the political negotiating process must be returned to a common denominator. The international community must establish a common negotiating position and speak as one.

Second, the spearhead of our collective efforts must be the restoration of a functional link between the negotiating process and military operations in the field. As demonstrated by recent events, if it is disassociated from its political role, UNPROFOR runs the risk of quickly becoming a bargaining tool at the mercy of the belligerents. Under such circumstances, every setback every difficulty encountered by UNPROFOR will oblige us to reassess its existence. To achieve this close link between the negotiating process and military operations, all players must work to develop better co-ordination between the Contact Group and troop-contributing countries.

Third, we must take steps to restore UNPROFOR's credibility, which has recently been questioned by the parties to the conflict. Canada feels that, in the immediate future, the credibility and viability of peacekeeping forces depends on four factors:

- the consolidation of troops to avoid scattering and weakening the defence capability of UN forces;
- a review of UNPROFOR's mandate, with emphasis on those activities that are most likely to succeed, considering the resources currently available to troops and their safety;
- the withdrawal of military observers from Serb-controlled territory to reduce their vulnerability;
- the use of force to counter violations of resolutions passed by the UN, including the willingness to use close air support to protect peacekeeping forces.

In the longer term, it will also be of primary importance for the international community to indicate clearly that UNPROFOR will not be able to carry out its mandate unless all parties observe a set of conditions whose basic elements were originally proposed by the UN and the Contact Group in July 1994. By way of indication, I will mention only a few of these positive and negative conditions designed to modify the behaviour of the belligerents.

- The international community should require Bosnian Serbs to observe exclusion zones and to reopen humanitarian assistance supply routes.

- The Bosnian government should immediately cease using safe areas to organize and launch military offensives.
- We would demand that Belgrade set a firm date for recognizing Bosnia in exchange for more flexibility in the lifting of sanctions.

The crisis of the past few days has shaken the UN and sown seeds of doubt as to whether the international community is willing and able to intervene effectively in the territory of the former Yugoslavia. We must continue to support the UN and to face opposition from Bosnian Serbs, even if this involves using force to ensure the protection of peacekeepers. Likewise, it is essential that Bosnian Muslims cease using UNPROFOR as a shield to protect them and to advance their military objectives.

On several occasions since the start of the conflict, Canada and many others have stressed the need for concerted action to find a negotiated settlement to the conflict. For all sorts of reasons, some players have chosen to act on their own. Better co-ordination of the activities of the international community is now demanded, not by Canada or any other country, but by the situation itself. Troop-contributing countries and the UN cannot negotiate piecemeal with Serb forces in the event of hostage takings and confrontations. We must seize this opportunity to renew our collective efforts and to bring them to fruition, if we wish to ensure the security of our soldiers and to continue making progress in seeking a negotiated settlement to the conflict in the former Yugoslavia.

Thank you.

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Statement

95/35

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE NATO COUNCIL
"NATO EXPANSION AND RUSSIA"



NOORDWIJK, The Netherlands
May 30, 1995



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At our meeting last December, we agreed unequivocally to open the door to new members, specify the objectives of and methods for achieving such an expansion, and to submit the results of our deliberations to our partners before our December 1995 meeting in Brussels. I am happy to see that this process is proceeding on schedule. It has allowed us to list the issues that must be clarified before we can share the results of this work with our partners.

We must send two messages to our partners. The first is one of openness. Let us avoid excluding *a priori* any nation that is seeking co-operation. Naturally, we will have to determine in due course whether or not admitting a particular country contributes to our region's security, after establishing that it has met criteria relating to democracy, respect for human rights, civil control of military authority, and other practical factors. There is no doubt that such a decision will be highly political.

The second message concerns the seriousness of the commitment stemming from an expansion of the Alliance, for both current and future members. Countries applying for membership will have to have the will to help strengthen the Alliance militarily and politically. For our part, we will have to review our own priorities in light of their legitimate needs.

We are in complete agreement that Russia cannot have any sort of veto over the admission of new members by the Alliance. Nevertheless, we still have every interest in developing a relationship with Russia that recognizes its leading role in matters of European security. The form that this relationship will take (treaty, joint commission, memorandum of understanding) has yet to be determined. The important thing for us is to have, as soon as possible, an effective mechanism for consultations on a 16-plus-1 basis. We will have the opportunity tomorrow, we hope, to begin these consultations with Russia.

We believe that we can have consultations without allowing Russia to dictate our decisions. Such consultations will allow us to manage inevitable differences of opinion with a minimum of surprises or bitterness. We will also be able to deliver clear messages to Russian leaders regarding elements of co-operation, which I hope will continue to grow, as well as situations such as the one in Chechnya, which I fear will not necessarily be the last to face that country.

Progress in these special relations with Russia will have to be accompanied by some sort of transformation of our organization. Indeed, Russia has underscored time and again, in its consultations with Canada among others, NATO's inability to change. We must admit that, despite changes to our political structures and our rhetoric, our military structures remain essentially the same. In Russia's view, they continue to be identical to the military structures created to counter the threat of the Soviet Army.

Questions about NATO expansion and NATO's relations with Russia are inextricably linked to the question of reforms to the Alliance. Quite frankly, Canada is convinced that NATO expansion, like the development of a relationship between NATO and Russia, will not succeed without substantial reforms to NATO and its structures.

We believe that we must give serious consideration to this matter, so that the Alliance can carry out its current and future duties more effectively. So far, we have been asking how we can use existing structures to carry out new duties. Instead, we should be asking what structure would be best suited to meeting our new expectations.

I feel that reorganizing our integrated military structure would produce a less cumbersome and less costly structure and thus free up considerable resources to finance NATO expansion. We must meet the challenge of reconciling limited resources with growing and conflicting demands.

In short, such reforms would allow us to pursue three major objectives:

- to develop the most effective means of dealing with current threats to our security and of carrying out our new duties;
- to provide the resources needed for the Alliance's expansion; and
- to reassure Russia that NATO is no longer a threat.

Thank you.

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Statement

95/36

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE
SOCIETY IN SUPPORT OF DEMOCRATIC MOVEMENT
VANCOUVER, BRITISH COLUMBIA, MAY 28, 1995
AND FOR
A MINISTERIAL STATEMENT
BEFORE THE HOUSE OF COMMONS
OTTAWA, JUNE 6, 1995



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Ladies and gentlemen:

Six years ago, the world watched in horror as the tragic events in Tiananmen Square unfolded. For many Canadians these events changed our lives forever. They propelled us into action. We rallied. We spoke out. And we made a difference.

As I once again commemorate the anniversary of the June 4, 1989, Tiananmen tragedy, I am overcome by emotion.

I will never forget June 4th, 1989. It was a typical sunny Vancouver spring day and I was out having lunch with my wife Maureen and my children Justun and Christina. Someone at the next table said: "the soldiers have opened fire in Tiananmen." We rushed home and as we watched the horror unfold on television I turned to my wife and said: "We must do something."

I quickly learned that many Canadians, and people around the world, were thinking the very same thing. Within hours many Canadians, including myself, were beginning to work together to organize in support of those brave men and women in Tiananmen. I made great friends in the movement and eventually, my friends and I founded the Vancouver Society in Support of Democratic Movement [VSSDM].

Indeed, along with the Chinese Student Association of UBC [the University of British Columbia] and the Alma Mater Society, the VSSDM erected the beautiful statue and plaque at UBC to record and honour the courage of the Chinese people during that extraordinary and painful time.

My decision to run for political office was in large part due to the events of June 1989. For as I watched Chinese men and women risk their lives for something we all too often take for granted here in Canada, I realized that I needed to give back something to the country that welcomed me with such open arms in 1969.

Following the federal election of October 1993, Prime Minister Jean Chrétien appointed me Secretary of State (Asia-Pacific). When I first met with the Prime Minister to discuss my appointment, he made it quite clear to me that he respected the fact that I stood up for what I believed in.

I realized that my new position would offer me a unique opportunity to address these issues at the highest levels of government both within Canada and China. While my new position would involve a new approach to these issues, the goal of human rights and democratic development would still be a priority. A year and a half later, I am proud to say I am still fighting for human rights improvements both in China and around the world.

Unfortunately, the human rights situation with regard to human rights advocates in China has not improved significantly since 1989. Indeed, the recent arrest of several Chinese dissidents in

the run up to the sixth anniversary of the Tiananmen Square crackdown and the strict surveillance imposed on others once again demonstrates that China continues to violate international standards of human rights.

We Canadians are concerned about fundamental human rights. During my first year in office, André Ouellet, our Foreign Affairs Minister, and I developed a coherent and effective policy towards China. Three equally important goals were outlined: prosperity and employment, peace and security, and projecting Canadian values and culture — which is what I want to focus on in my discussion today.

One of the most enduring values uniting Canadians is our common commitment to freedom, democracy, and human rights. Respect for human rights is a key to international peace and prosperity, and it contributes to a global environment within which we Canadians can best pursue our interests.

As I have long believed, the issue, therefore, is not whether but how to promote most efficiently good governance and the rule of law in China. We believe there are a number of ways to accomplish our goals, and they incorporate efforts of both a multilateral and bilateral nature.

Among the most effective channels of influencing is collective action through multilateral institutions. In this regard, at the most recent United Nations Commission on Human Rights in Geneva, Canada co-sponsored a resolution on human rights in China. The resolution expressed concern about continuing reports of human rights and fundamental freedom violations.

In the speech given by Canada at the UN Human Rights Commission, we declared: "Canada believes that China falls short of international standards in incarceration of political detainees, and with respect to equity and transparency in the judicial system, freedom of expression, and freedom of religion."

In another multilateral area currently under way, we are working closely with Canadian non-governmental organizations to support their efforts to encourage the Chinese government to reverse a decision to move the International Conference on the Status of Women to a venue far from the city centre of Beijing. We want this conference to be an open forum and we have said as much to the Chinese government.

On the bilateral front, when Prime Minister Chrétien and I met with Chinese leaders, the Prime Minister raised the issue of human rights with several of them, including Li Peng and Jiang Zemin. Our Prime Minister clearly explained that Canada intends to maintain a constructive dialogue with China on human rights issues. Foreign Affairs Minister André Ouellet has told his

Chinese counterpart the same thing, and I continue to discuss these issues whenever I meet Chinese leaders such as Vice-Premier Zou Jiahua.

Of a different bilateral nature, but in many respects more important, is the area of development assistance. Indeed, development assistance is an increasingly important way of advancing human rights. Human rights projects, such as the strengthening of legislatures and independent judiciaries, are a major priority of our aid program.

In China, we are co-operating in legal reform areas related to justice, equity and participation. Examples of these areas include women's rights, labour laws, criminal law and employment equity. We are also working with China to improve the generation, circulation and dissemination of information and are endeavouring to strengthen civil society by improving the capacity of non-governmental organizations to engage in development activities.

We are focussing on such things as the transparency and accountability of government operations, public accounting and auditing, and public consultation mechanisms. We believe this approach will ultimately contribute to the development of the rule of law and the respect of human rights in China.

Our government is focussing on undertaking specific and progressive initiatives to engage decision makers at all levels in programs that facilitate positive changes in China. We are undertaking these multilateral, bilateral and development initiatives because we believe they are the right course of action. Our government is working diligently to help improve the human rights situation in China.

In particular, Canada has been working to promote human rights, good governance and the rule of law. A program between the University of British Columbia and Beijing University is preparing a plan to help reform China's criminal procedure to protect the rights of the accused. As well, the University of Ottawa's Human Rights Research and Education Centre and the Beijing University of International Law are helping to foster the development of joint research and education in the area of human rights, international law and human development in China. The Canadian and Chinese Bar Associations are organizing conferences on bar and legal practices in Canada.

Already in the planning stage are programs to improve the skills of women entrepreneurs, a statistical information management program and a project to support the equality of women in China. Canada will be supporting the development of the China Institute of Judges, and helping Chinese institutions to develop economic and social policy options.

In closing, there are a number of ways to help influence and encourage China to better respect human rights. Multilaterally, we take steps in organizations such as the UN to make our point. Bilaterally we discuss human rights issues with our Chinese counterparts. Development assistance lets us work with China to strengthen areas vital to human rights development.

Trade is also a powerful tool. It encourages co-operation, and co-operation leads to understanding and appreciation, with which we can better manage concerns such as human rights development.

Furthermore, initiatives undertaken by human rights groups in Canada continue to emphasize to all concerned that Canadians care about human rights. Rest assured, I will continue to work for the improvement or respect for human rights and democracy in China. As I tell both my Cabinet colleagues and my Chinese counterparts, I am a friend of China. Yes, I will continue to speak out against human rights violations in China, but at the same time I will continue to work within my means as a federal minister to help China develop in a meaningful way.

Pointing out when human rights are violated is essential. So too is dialogue between Canada and China. Dialogue lets Canada and China share concerns and provides the foundation to address important issues such as human rights proactively.

This is the effective way to promote change in China, and this is the course my government and I will continue to follow.

Thank you.

Statement

95/37

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO THE 25TH GENERAL ASSEMBLY OF THE
ORGANIZATION OF AMERICAN STATES

MONTROUIS, Haiti
June 6, 1995



Madam Chairman, Excellencies, Foreign Ministers of the hemisphere, Mr. Secretary General, Mr. Assistant Secretary General, ladies and gentlemen, friends:

It is a great pleasure for me to attend my second annual General Assembly of the Organization of American States [OAS]. These OAS meetings are very special in that they provide foreign ministers from throughout the hemisphere with a unique opportunity to sit around the same table and engage in an open dialogue of equals on a wide range of issues. The very fruitful discussions we have had over the past two days are proof of the value of this sort of encounter and of all that we can accomplish through our hemispheric organization.

I must also extend our sincere congratulations to the Government of Haiti for their hosting of this event. When President Aristide offered last year in Belém to host the next annual meeting of the OAS, we all accepted in the fervent hope and expectation that, by then, his legitimately elected government would be back in power. That indeed has come to pass — democracy has been restored to the Haitian people and the rebuilding of the country is well under way. This is cause for true celebration. There could, therefore, be no more fitting place for this year's meeting than Haiti, "la perle des Antilles."

Madam Chairman, Canada has now completed five full years in the Organization of American States. We have found it to be a very productive and fulfilling experience, and we look forward to continued active involvement in the years ahead. Our future participation in the OAS will be shaped and influenced by three key events of the past 12 months: the issuance of the Canadian government's Foreign Policy Statement *Canada in the World*; the meeting of hemispheric leaders at the Summit of the Americas in December 1994; and the recent release of Secretary General Gaviria's *New Vision of the OAS*.

Canadian Foreign Policy Statement

Canada's Foreign Policy Statement found its origins in a commitment by the Canadian government to encourage more active public involvement in foreign-policy making. This commitment resulted in the creation of a multi-party Parliamentary Committee to seek the views of ordinary Canadians. After holding over 70 meetings, receiving over 550 submissions, hearing from 500 witnesses, and commissioning several studies, the Committee tabled its report. The Government then used this report to develop a comprehensive statement called *Canada in the World*, which will serve as a blueprint for our foreign policy as we move into the 21st century. The Canadian government considers this process to have been an extremely valuable and productive exercise in participatory democracy.

Canada in the World is important for our involvement in the OAS because it highlights the importance of Canada's relationship

with our partners in the Western hemisphere, calling this region one of the new poles of political and economic power. The Government's active interest in the region was highlighted by the major political and trade mission which our Prime Minister led to six countries of the region in January of this year. This visit provided added impetus to an already vital and productive relationship with the region, opening up many new areas of political, economic and cultural co-operation.

Another key element of the Foreign Policy Statement is the emphasis on Canada's participation in regional institutions, particularly the OAS. The document calls, in particular, for Canada to support the OAS in its efforts to reform and to increase its capacity for dealing with issues such as human rights, democracy, security and trade. In fact, these are the issues on which Canada has concentrated during its first five years in the OAS.

Canadian Priorities at the OAS

Respect for human rights is not only a fundamental value for Canadians, but also a crucial element in the development of stable, democratic and prosperous societies. It is precisely for this reason that Canada has always been a staunch supporter of the invaluable work of the Inter-American Commission and Inter-American Court of Human Rights. These bodies have been instrumental in fostering greater respect for human rights throughout the hemisphere, and they deserve the full and unstinting support — moral and financial — of the Organization and all its members.

Canada's democratic tradition is a fundamental component of our value system and underpins our stability and prosperity as a nation. Similarly, the strengthening of democracy throughout the region is important to promote peace and stability, both within and among nations. At present, all but one country in the region has a democratically elected government. However, there is still much work to be done to strengthen and consolidate recent democratic gains.

The OAS has made a name for itself in electoral monitoring and assistance, and this is very important. But true, lasting democracy goes beyond elections. It encompasses, among other things, civic education and public participation; effective legislative and parliamentary systems; an independent judiciary and respect for the rule of law; responsible government at all levels; and civilian control of police and military forces.

The OAS's Unit for the Promotion of Democracy [UPD] has the mandate to promote long-term democratic development and must, in Canada's view, devote more of its attention and resources to these other elements. However, in order to fulfil this role, the

UPD requires the co-operation, active interest and participation of member states. Democracy is a vital living concept for all OAS members and requires constant nurturing to be a successful system of governance.

The Organization has taken a number of other measures over the past few years to strengthen, defend and promote democracy in the hemisphere. Resolution 1080 of 1991 allows for special actions by the OAS in response to interruptions of democratic process. This year, member states have devised a system for the implementation and financing of such activities. In 1992, the Protocol of Washington was passed, allowing for the suspension of member states where a democratically elected government has been overthrown by force. Canada urges countries that have not yet done so to ratify this important instrument.

Canada continues to believe that it would be useful and appropriate for the OAS to develop a capability for the early identification, prevention and management of situations of potential conflict. The use of such a capability would, of course, imply the consent of the member state or states involved. Nevertheless, it appears obvious that the OAS needs to develop tools for early action in cases of both internal upheavals, such as that which occurred in Haiti, and conflicts between nations, such as the recent incident between our friends Peru and Ecuador, in order to prevent a damaging escalation of tensions.

Finally, democracy means participation by all sectors of society, including non-governmental actors. Countries of the region and indeed the OAS itself must find ways to be more open and receptive to the views of these potential partners. Canada is currently chairing an OAS working group on this matter and hopes that the group will be able to make recommendations to the Permanent Council in the coming year to facilitate interaction between the OAS and NGOs [non-governmental organizations].

Before moving on, I would like to say a brief word about the 35th member of our Organization – Cuba. Canada's policy toward Cuba has been one of constructive engagement – we believe that political and economic advances can be encouraged by maintaining a dialogue with the Cuban people and government. And while Canada recognizes that there is still much progress to be made in Cuba, in particular in the areas of human rights and democratic development, we believe that the OAS should begin to examine ways of opening up a similar dialogue with Cuba, looking toward the day when conditions will be appropriate for its reintegration into the inter-American system.

Peace and security is a central component of Canadian foreign policy and of Canadian activity here at the OAS. Indeed, it is also a fundamental purpose of the OAS under the Charter. It is for this reason that Canada wholeheartedly supports the

transformation of the Special Committee on Hemispheric Security into a Permanent Committee. The many valuable initiatives that have been undertaken over the past several years in the area of confidence-building measures, arms control registers, and anti-personnel landmines, to name but a few, have proven that security issues are an important and integral part of the overall OAS agenda.

In the area of confidence-building measures, Canada has been an active participant and looks forward to the upcoming conference in Chile as a constructive means of continuing this dialogue.

An issue that has not yet received the attention it deserves, in Canada's opinion, is the review of the Inter-American Defence Board. As I mentioned earlier, one of the components of democracy is civilian oversight of the military. This should apply at the OAS as well. If the OAS is to continue devoting scarce resources to the Inter-American Defence Board, there must be a well-defined mandate, the allocation of an appropriate budget, and clear accountability to the OAS. This makes sense in terms of not only political control, but also fiscal responsibility.

The promotion of prosperity and employment is at the heart of every government's, and indeed every region's, agenda. Canada is no exception, and as a trading nation, has made it a central foreign policy concern. Hemispheric leaders agreed at the Summit of the Americas to work toward hemispheric free trade by the year 2005, and gave the OAS's Special Committee on Trade a key role to play in supporting this objective. Canada endorses this involvement by the OAS in the area of economic integration, and in particular the creation of a Trade Unit to provide research and policy support.

Assisting countries to increase their level of development and prosperity has been a long-standing component of OAS activity and of Canada's relations with the region. The OAS took a major step in this area with the Protocol of Managua and the Partnership for Development concept, both aimed at streamlining and providing greater focus to the OAS technical co-operation program. Canada is concerned at the lack of progress made in this area and believes that new energy is needed. We would urge countries that have not yet done so to ratify the Protocol of Managua. Moreover, Canada believes it is essential to take steps to rationalize the activities of the various committees and working groups involved in this area, and thereby move the agenda along. We appeal to other member states to join with us at this General Assembly in supporting this important reform effort.

Protection of the environment and sustainable development are crucial issues for Canadians, and Canada has been an active participant in the Environment Committee's efforts to help

determine an appropriate role for the OAS, including strengthening its institutional structure in this area. As one of the first steps, Canada will be hosting a meeting of regional experts in environmentally sound technologies in Canada later this year. We have also had a Canadian expert in to talk to the OAS about the "greening" of organizations, a concept with which we have had much success in Canada. We intend to pursue this concept at the OAS in the coming year. In keeping with our leadership on the Convention on Biological Diversity, Canada is pleased to offer Montreal as the host city for the Permanent Secretariat for this Convention. The Government of Canada is prepared to provide substantial financial assistance to set up this Permanent Secretariat and we ask fellow OAS members to support Montreal's bid.

An area in which the OAS has always been active, and indeed in which it would appear to have a comparative advantage, is in the development of multilateral legal instruments. Many subjects have been covered by OAS conventions, including human rights, violence against women, forced disappearances, and serving sentences abroad. And it is precisely because these instruments deal with such important issues that Canada has suggested that the OAS develop a more defined methodology for their consideration and development. We believe this will not only rationalize the process, but also result in instruments of more impeccable quality.

Summit of the Americas

Another important event this year for Canada, other countries of the region and the OAS was the Summit of the Americas, hosted by U.S. President Clinton in December 1994. This was a very productive hemispheric meeting, which resulted in a range of national and multilateral commitments, as outlined in the Summit Declaration of Principles and Action Plan.

Canada was an active participant in this process. In addition to promoting a number of thematic issues – free trade, human rights, democratic development, the fight against the drug trade, and sustainable development – Canada had two central concerns. One was to ensure that all countries – big and small – were given an opportunity to contribute. The other was to ensure that the OAS and other regional organizations were incorporated into the process.

The OAS emerged from the Summit with a clear endorsement as the primary forum for hemispheric dialogue and co-operation in a variety of spheres, and a paramount role in implementing many areas of the Action Plan. It is imperative now that the OAS rise to the challenge and prove itself capable of responding to the needs and priorities identified by the leaders of the hemisphere.

This will require decisive and timely action on the part of the Organization.

With this in mind, Canada is now proposing the creation of a more formal management mechanism at the OAS — a Special Committee on Summit Management. We believe this mechanism will demonstrate the importance the OAS ascribes to Summit follow-up, provide the Organization with the tools it needs to produce concrete, practical results, and thereby help it to consolidate its position as the hemisphere's foremost political forum.

New Vision of the OAS

The third significant development of the year was the tabling on April 6 of Secretary General Gaviria's *New Vision of the OAS*, which formed the basis for our informal dialogue on Sunday. In February, we had the honour of hosting a visit by the Secretary General to Canada, at which time he shared with us some of his ideas for the Organization. These ideas have now been given concrete form in the Vision Paper, which Canada believes to be an extremely valuable document. Not only does it identify some of the OAS's weaknesses, an often difficult and thankless task, but it also seeks to identify priority activities and means of focussing the OAS on these areas.

Canada is pleased to see that many of the items that we judge to be priorities for our own action at the OAS are also those deemed by the Secretary General to be priorities for the Organization. Human rights and democratic development, trade, environment, and hemispheric security are all signalled as being deserving of more OAS attention and resources.

The Secretary General also discusses, in his Vision Paper, several areas needful of administrative reform, including the technical co-operation system. Canada strongly supports many of his proposals in this regard, including having fewer priority areas, fewer individual projects and fewer recipients; increasing the emphasis on multinational projects, horizontal co-operation and partnerships; and overhauling the system of delivering such assistance. The new technical co-operation body — CIDI [Inter-American Council for Integral Development] — must, as the Secretary General noted, not only capitalize on the successes of its predecessors but also avoid repeating their mistakes.

The Vision Paper also notes the need for serious structural changes in the OAS's human resources and financial management systems. Canada wholeheartedly concurs in this assessment and is looking forward to more detailed proposals to improve the efficiency, effectiveness and transparency of those systems.

There is still, in Canada's opinion, a need for the Organization and its members to do some soul-searching and make some difficult

decisions. The Vision Paper includes a very broad range of activities, and there is not, as yet, any clearcut definition of which will be the top priorities in the years to come, which will be more secondary activities, and which areas may have to be dropped or severely scaled back. The Secretary General has alluded to some areas where major savings could be achieved, including national offices, which account for 10 per cent of the total OAS budget. Canada agrees with this assessment, and urges other member states to put aside their individual interests and work with the Secretary General in this and other reform areas.

The process of renewal which the Secretary General has launched is aimed at making the OAS a more efficient and responsive organization. However, it cannot, and will not, be accomplished without the active participation and support of the membership. The process will, of necessity, entail some difficult choices and perhaps even sacrifices. We have an important window of opportunity to breathe new life and vigour into the Organization, under the creative and energetic leadership of Secretary General Gaviria. Let us not allow this opportunity to elude us under the combined forces of ambivalence and lack of political will.

Thank you, Madam Chairman.

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Statement

95/38

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
ON THE OCCASION OF
THE LAUNCH OF *FOCUS INDIA*



TORONTO, Ontario
June 12, 1995



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It gives me great pleasure to be here this morning to launch *Focus India*, Canada's Trade and Economic Strategy for the vast Indian market. I thank the Canada-India Business Council, the Business Council on National Issues, the Canadian Exporters' Association and the Canadian Manufacturers' Association for hosting today's event.

India is more than just another rising Asian "tiger." By the turn of the century, India's population will approach one billion. Once an inward-looking, planned economy based on import substitution, India has moved to a more open, globally oriented economy ripe with opportunity. India now has a rapidly expanding middle class, numbering some 250 million, representing the largest emerging consumer market in the world.

Since 1991, India has undertaken significant economic reforms to liberalize both trade and investment. The reforms have begun to bear fruit. Since 1992, Indian exports have increased by 20 per cent annually; capital inflows were 30 times higher in 1994 than in 1991.

Economic liberalization and growing participation in the broader trading world have contributed to increased confidence in the Indian economy. Economic reforms have opened many sectors to foreign business and investors. Deregulation has allowed greater private sector involvement, while the reduction in tariffs and import duties has encouraged the entry of foreign companies. Equally important, India's historic signing of the Uruguay Round of the GATT [General Agreement on Tariffs and Trade] and now membership in the new World Trade Organization ensures greater protection of intellectual property rights and conformity with internationally agreed trade rules.

India is opening up. The time is ripe for Canadian business to position itself in that largely untapped market. Business opportunities and possibilities for forming partnerships in India are rapidly emerging. To be successful in that increasingly competitive market, we must harness our collective strengths and concentrate our limited resources in high potential areas. This is what *Focus India* is all about.

Focus India is a "Team Canada" initiative spearheaded by the Department of Foreign Affairs and International Trade and by the Canadian International Development Agency. It is the result of extensive consultations with the private sector and both provincial and federal government departments and agencies, including the Export Development Corporation and the Canadian Commercial Corporation.

Focus India emphasizes the need for a co-ordinated approach to business development in India so that Canadian companies can more effectively penetrate the emerging Indian market.

New exporters will find in *Focus India* details on market information sources and programs. Experienced exporters will find in *Focus India* a cohesive strategy to improve Canadian access to the Indian market and to expand Canadian trade and investment with India.

Focus India distinguishes the challenges and constraints Canadians face when accessing the Indian market. By identifying barriers that affect Canadian business – such as government procurement practices – we can work in concert to overcome them. By identifying other limitations – such as the lack of awareness both in Canada and in India of the potential to exploit jointly the new opportunities in our respective domestic markets as well as in third markets – we can focus our collective energies on surmounting them.

Focus India is by no means a static document; it will evolve with Canadian business development priorities and market conditions. Ultimately, we hope that *Focus India* will act as a catalyst for greater private sector involvement in India's economic development.

Focus India sets out Canadian priorities. By matching Indian needs with Canadian capabilities, it identifies those sectors – energy, telecommunications and environmental industries – that offer the greatest potential for Canadian business. The close fit between India's infrastructure needs and Canadian technological expertise makes India a highly lucrative market for Canadian business and investors.

Here are a few examples:

India's power requirements are immense. Not only is it faced with frequent power shortages but the growing middle class together with the rapid expansion of India's industrial base are pushing its energy requirements ever higher. The Government of India proposes to increase energy production by 35 per cent over the next three years. To that end, the Indian government has privatized the power sector and opened it up to foreign investment, while providing a series of incentives to attract foreign and domestic investment. The resulting inflow of domestic and offshore capital makes India's power sector one of the fastest growing in the world.

India's energy demand has also created a need for petroleum equipment and services. The oil and gas sector, once the exclusive domain of the Indian public sector, is now gradually being liberalized. This market, estimated to be about US\$4 billion and growing at about 15 per cent annually, offers a wealth of opportunity for Canada. And with this growth, Indian industry is hard-pressed to fill the demand. At present, more than half of the requirements are met through imports.

Similarly, Canada's expertise in telecommunications puts our companies in a good position to capitalize on the rapidly growing demand for equipment and services. This sector, again, once the exclusive domain of the Government of India, has been opened to the private sector, both domestic and offshore. And the recently announced decision to base the Indian telecommunications regulatory system upon Canada's CRTC [Canadian Radio-Television and

Telecommunications Commission] adds an element of familiarity and should give Canadian companies an added advantage.

The environmental problems generated by India's population growth and the rapidly diversifying industrial base have created a tremendous need for environmental goods, services and technologies. The market, currently estimated to be about US\$500 million, is expected to grow at an annual rate of 20 to 25 per cent. Historically, India's regulatory regime has caused problems for foreign firms attempting to access this market. This is steadily improving, though much work remains. India has adopted new environmental legislation, most import controls have been removed, and stricter enforcement is being introduced.

The Indian market presents a wealth of opportunities, particularly for those who, through joint ventures, can match Indian knowledge of the market with Western capabilities. By establishing joint ventures with Indian partners, Canadians can not only reap the short-term benefits of supplying the voracious Indian market, but they can also look forward to the long-term benefits of supplying other Southeast Asian markets.

India's attractiveness as an economic partner for Canada is enormously enhanced when we realize that India is the world's largest functioning democracy. It uses one of Canada's two official languages, English, as a major language of business. It has a fair and independent judiciary, able to adjudicate contentious business issues. It has well-established banking and distribution systems, a strong entrepreneurial tradition, and a highly skilled and well-educated workforce.

However, the limited awareness both in Canada and in India of one another remains an important constraint. In Canada, India's business potential is not fully appreciated. Although there are some distinct market characteristics that may seem overwhelmingly difficult at first, Canadian business must look beyond first impressions. Others, who may have had unfulfilling experiences in India in the past, need to re-examine what the new India has to offer. Equally, if not more important, there is a lack of awareness in India of Canadian competitive strengths.

To help alleviate this problem, we are, as part of our *Focus India* strategy, initiating more face-to-face contacts at the government, business and academic level. This includes a series of high-level visits between Canada and India. There have already been several, including my visit to New Delhi and Bombay with a large business delegation last October, and my colleague, Raymond Chan's visit in March. We anticipate additional high-level visits and trade missions to India over the next year.

Plans are also under way for several Indian ministers to lead trade missions to Canada this year. The Minister of Petroleum and Natural

Gas will be here later this month. Later this year, we are anticipating visits by the Minister of Food Processing, the Minister of Telecommunications, and the Finance Minister, India's leading architect of economic reforms.

Several seminars and presentations, conducted in co-operation with Canadian associations, will take place across Canada. For instance, the Conference Board of Canada is organizing cross-Canada round tables on India's power sector, starting next week, and a seminar series on India will be hosted by the Asia Pacific Foundation of Canada this autumn.

We have also strengthened our presence in India by adding additional trade officers in both New Delhi and Bombay and by appointing additional honorary consuls in Madras and Bangalore, enabling us to increase the level of support to Canadian businesses active in India and to promote Canada as a reliable source of quality goods, services and technology.

Through these efforts and those of the several organizations hosting today's event, we hope to transform the mystique surrounding India into a more informed and even more exciting appreciation of the society and economy. *Focus India* is part of that learning process.

Canada no longer approaches India as a developed country proffering aid and concessional financing. We now go to India as a business partner, with an eye to mutual advantage: a "win-win" scenario. The Canada-India relationship has the potential to grow beyond the idealism of the '50s and '60s, which sometimes gave way to disillusionment. Canada and India have to face the 21st century in the light of our mutual interests.

The transition from a centrally planned economy to a market-driven economy has extensive implications for India as a nation and for the sustainability of India's economic development. While Canada recognizes that even positive change can be difficult and that the benefits are not always immediately evident throughout Indian society, Canada welcomes these developments and will continue to encourage India to stay the course and press for further economic reforms.

Canada, like the new India, has a commitment to open, rules-based trade. There are enormous opportunities ahead for Canada-India business co-operation; not just in joint ventures or technology transfer agreements, but in strategic partnerships which will spell growth both for our business communities and our national economies. *Focus India* is the catalyst that will help us all to capitalize on the unrivalled potential offered by the Indian market.

Thank you.

95/39
Statement

95/39

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT A COLLOQUIUM ORGANIZED BY
L'INSTITUT INTERNATIONAL
D'ÉTUDES ADMINISTRATIVES DE MONTRÉAL
IN COLLABORATION WITH
L'ÉCOLE NATIONALE D'ADMINISTRATION PUBLIQUE



MONTREAL, Quebec
June 13, 1995



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Allow me first to thank Mr. Rémillard, the Institut international d'études administratives de Montréal and the École nationale d'administration publique for their kind invitation. The Government of Canada is proud to be associated with this important event.

Unless I am mistaken, the theme of this conference – *Globalized Economies: State-Private Sector Partnership?* – has prompted some speakers to talk in terms of finality. We are all products of our time and, in one way or another, we are all influenced by the thinking of the day. Perhaps this is why people speak so much about "endings" these days, and why the concept colours most of the talk we hear – whether the subject is the end of the Cold War, the end of the welfare state, of the nation state, of history or of communism.

We will also be hearing more and more about the end of the 20th century – I wouldn't want to leave that off my list. Perhaps we would be wise to set most of these expressions aside, bearing in mind how easy it is to use a turn of phrase simply because it is fashionable. We lose our sense of perspective when we focus only on the "end" of things, and are unable to find the inventive solutions needed for the problems of humankind.

A few days from now, the leaders of the world's seven most industrialized countries will be meeting in Halifax for their 21st summit. Whatever we might think about the changing nature of foreign policy and international relations, these summit meetings are always useful and relevant. They allow us not only to review the major problems facing us, but above all they give us an opportunity to collectively manage the changes affecting all of us.

Thus, over against the concept of finality we should set that of change. Change is something we experience daily. We find it in technology, science, intellectual life, culture and (of course) politics. None of these changes occurs in a vacuum. Technological change, for example, has an impact on politics, and vice versa.

The 20th century has been characterized by what I would call "the emancipation of the individual." In politics this takes the form of extending universal suffrage, developing the concept of individual rights and increasing the dialogue between politicians and voters. In fact, it demonstrates that the state, whatever form it may take, is not supreme. Emancipation of the individual means that the state is no longer the centre of all power, influence and action.

Paradoxically, the multiplication of stakeholders in international relations has renewed the importance of summits such as the G-7. The power of the individual is constantly on the increase, while governments' room to manoeuvre is on the decrease – as is their ability to defend the rights of the individual. In today's context of globalization, now more than ever the multilateral institutions must be strengthened in order to become more sensitive to the aspirations of the people whom they serve. The ongoing dialogue furnished by the G-7 summits is an important tool in helping to achieve this objective.

The summits have been the target of much criticism, however. Some see them as media extravaganzas, others as occasions for the leaders to approve texts that will never be acted on. Let me say that Prime Minister Chrétien has listened carefully to the criticism and has tried to make this summit a real working session for the leaders. Without diminishing the importance of the preparatory work done by the different sherpas, there is still much to be done by the leaders themselves.

Activity at the official level can never take the place of political will on the part of the various G-7 members. If a failure occurs, and if criticism of previous summits is warranted, it is at the political level. As for the Government of Canada, I can tell you that the Halifax Summit is an important part of its foreign policy agenda.

As host of the summit, we have the unique opportunity to set the agenda and the tone of the discussions.

Allow me, if you will, to touch on some of Canada's political objectives on the eve of the Halifax Summit. Prime Minister Jean Chrétien will take the opportunity when here tomorrow to talk about the economic aspect of the summit.

The issue of United Nations [UN] reform exemplifies the need for political will. This summit will allow us not only to commemorate the 50th anniversary of the UN but also to reaffirm our commitment to multilateral co-operation in the political and security areas. I intend to continue the dialogue that I began last year in New York when, on behalf of the Government, I presented Canada's proposals for reform of the United Nations – in particular its rapid reaction capability. Canada has conducted a study on the matter, and has undertaken to present the results at the next meeting of the General Assembly this autumn in New York.

Many voices have been heard of late challenging the validity of the UN's peacekeeping operations and its ability to fulfil its mandate. I would be the first to admit that the UN system has its weaknesses and shortcomings. However, despite its failures, I would not question its usefulness. On the contrary, I believe that we must draw some important lessons from the difficulties encountered by the UN recently in Somalia and right now in Bosnia. Canada intends to seize the opportunity given by Halifax to again affirm the necessity of working together toward the reforms that will give the UN a second wind. Herein lies one of the main merits of this kind of summit: it is a unique opportunity to pursue discussions on matters requiring the political will of states.

The UN has been asked to respond more rapidly and more effectively to counter threats to international peace and security. With its G-7 colleagues, Canada intends to examine ways of reinforcing the UN system's capacity for preventive diplomacy.

As you know, Canada is a firm supporter of multilateralism. Halifax must again confirm the multilateral commitment of our partners. The United Nations is depending increasingly on the assistance of non-governmental organizations [NGOs] and other regional security organizations in its job of economic and social development, human rights advocacy, and humanitarian aid. I think that better co-ordination between these various stakeholders is not only necessary but beneficial to the international community as a whole.

We see today the proliferation of new global challenges such as environmental deterioration, skyrocketing population growth, uncontrolled migration and organized crime. These are sufficient to convince us that multilateral dialogue is valuable and necessary.

Recent events have underscored the importance of having a strong, credible multilateral system where international security is concerned. Only a month ago, 178 countries made the extraordinary decision to extend indefinitely the Nuclear Non-Proliferation Treaty [NPT], the world's most important arms control agreement. The momentum behind this decision cannot be halted. The NPT includes new members - in particular Ukraine, Algeria and Chile, our next partner in free trade. Countries not possessing nuclear arms have obtained undertakings from the five nuclear powers to work toward the complete elimination of such weapons. Canada is very pleased with this decision and will not let its partners forget their disarmament obligations.

We must take advantage of this momentum to complete a nuclear test ban agreement by 1996. I referred a moment ago to political will. With political will, I believe we can reach such an agreement. But we must get down to it and put some friendly pressure on some of our partners.

We must also begin negotiations to prohibit the production of fissile material for military purposes. For the time being, this means continuing to support Russia and the United States in their bilateral efforts to disarm, and steering the other nuclear states onto the path toward disarmament.

We must also talk about land mines, weapons that kill daily and indiscriminately. Each week, land mines kill or maim over 150 civilians. To end this tragedy, we must strengthen the multilateral instruments available to us, particularly the Convention on Conventional Weapons. I definitely intend to use Halifax as a forum for continuing the discussions that I have had with my colleagues on this issue on various occasions.

This summit will also give me the opportunity to pursue discussions on the international trade in conventional weapons, a theme that is of deep concern to me. Together, we must seek ways to reduce this scourge. Between 1986 and 1993, some 71.7 per cent of arms sales were to developing countries. If we act in unison, the international

community can truly make a difference and send a clear message to countries whose military spending exceeds their social spending. Faced with such an imbalance, we might be tempted to reconsider the relevance of our aid programs in light of the military spending of recipient countries. I have proposed to Japan that we adopt a concerted approach in this regard. I think that our two countries can expect to continue discussing relevant ideas on this issue. The summit thus gives us the opportunity of expanding our discussions to include the views of our G-7 colleagues.

Obviously we cannot impose our will on other countries, but certainly together we could influence their decisions. Canada alone cannot change the policies of, for example, some African countries. But surely, if we worked together in a team effort involving large numbers of other countries, significant change could happen in many of these countries.

And let me be very frank with you: those whose military spending is the highest are encouraged, unfortunately, by countries who belong to the G-7. In fact, the biggest exporters of arms are those who are permanent members of the Security Council. So it is unbelievable that on the one hand we ask the United Nations to send troops for peacekeeping missions, while on the other hand those who make these decisions to send peacekeeping missions are the ones who are selling the greatest number of arms to these countries.

So of course, we are realistic. We know that this is a big industry. It will not change overnight; but, indeed, it is something that Canada will want to pursue in co-operation with others. We think that Japan is very much on our side in this regard, and eventually, if other members of the G-7 realized the precarious positions they are in in regard to commercial arms sales in some of these countries, I think we could make substantial progress.

I said at the beginning of my speech that I would limit my remarks to the political aspect of the G-7. However, if you will allow me, I would like to give you a foretaste of the speech that the Prime Minister will deliver tomorrow. Please excuse me for talking about a subject that is both political and economic.

Canada has strongly urged that the G-7 leaders examine the institutions of the Bretton Woods system. This issue will play a very important role in our discussions in Halifax, thanks to the leadership of Prime Minister Chrétien.

The Bretton Woods institutions are the products of a bygone era. Although they themselves have undertaken some attempts at reform, these efforts have never been guided by clear and concerted political leadership. The Halifax Summit allows us to join together and give the International Monetary Fund [IMF] and the World Bank a clear vision.

A few moments ago, I talked about the emancipation of the individual. The IMF and the World Bank must clearly focus more on the individual and on how their decisions affect the people involved. The activities of the Bretton Woods institutions affect not only the stability of the macro-economic system but also the lives of millions of individuals. The IMF and the World Bank must work with other regional institutions and with non-governmental organizations to help individuals take control of their own destinies.

The regional development banks also play an important role in this regard. The most effective regional development banks simply must co-ordinate their activities better with those of the World Bank and the IMF.

While recognizing the growing power of the individual, we must acknowledge the dangers of exclusion. The Bretton Woods institutions must help solve the problem of countries that are structurally excluded from the international system.

We will soon create a new multilateral institution, the World Trade Organization [WTO]. It also has an important role to play in fighting exclusion and ensuring that the developing countries have full access to the global market.

Responsibilities must clearly be better distributed between all of these stakeholders: UN agencies, the IMF, the World Bank, the regional development banks, NGOs and (of course) countries themselves.

The chance to host the G-7 Summit, with all that this entails, comes only once every seven years. I think that Canada, for its part, has done its best to make this a successful summit – one where substance takes precedence over procedure, one where leaders must make many difficult decisions.

The follow-up accorded to our Halifax discussions is no less important than the work done so far in preparation for the summit. As host country, Canada has the chairmanship of the summit until year's end. We are determined to use this mandate to help bring about a follow-up to our discussions. This is doubtless a weak point in the history of the G-7 that absolutely must be corrected. I can tell you that Prime Minister Chrétien is aware of this question.

The second Annual Forum on Canada's International Relations lends itself well to this kind of follow-up exercise. The Forum will take place in September and will focus on Canada and the international institutions. I expect to obtain from the participants their views on the Halifax Summit and their ideas concerning the direction we should take in preparation for the next G-7 meeting.

I began my remarks by talking about change. Change applies not only to the issues examined by the G-7 but also to the conduct of summits

themselves. Our peoples expect their respective governments to address the real problems that confront them. Our peoples expect their governments to make difficult but necessary choices. I think that they are entitled to expect the leaders of the seven most industrialized countries to adopt the same attitude at their annual meeting.

I have just spoken of "real problems," and this leads me to make a connection with what is currently happening in Quebec. The people of Quebec are aware of the challenges that we must all face, and they rightly expect those who govern them to take concrete action. The Government of Canada is firmly committed to this course. In this regard, the G-7 constitutes an ideal forum where we can discuss the key issues of our time, such as those that I have just mentioned, with other world powers, openly and as equals.

This exceptional asset fully deserves to be emphasized in Quebec's current political situation. In an era of globalization, we cannot ignore the fact that a separate Quebec would deprive itself of all the benefits that it derives from our membership in the G-7. We also cannot overlook the fact that, by ceasing to be part of Canada, Quebecers could no longer make their voices heard on the international scene as they do at present.

The Halifax Summit is thus very significant and something for all of us to think about.

In conclusion, allow me again to thank the organizers of this colloquium. The changes addressed by the speakers are by no means the last that will confront us. In fact, change will probably be occurring with greater frequency than ever before. The lesson drawn from our deliberations should be one of partnership. Thus, the best way to manage change is to confront it together. This is why an exercise such as yours, and the one coming up in Halifax, is of such importance.

Thank you.

Statement

95/40

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ANNUAL GENERAL MEETING OF
THE CANADIAN BANKERS' ASSOCIATION



OTTAWA, Ontario
June 14, 1995



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One of the great economic triumphs of the last 50 years has been the liberalization of international trade under successive Rounds of the GATT [General Agreement on Tariffs and Trade]. But there has been another process of liberalization which is at least as dramatic as the globalization of trade, and which has taken place largely outside the formal negotiations or international rule making – that is, the liberalization of global capital flows.

These two developments are not unrelated. The systematic reduction of trade barriers worldwide, combined with dramatic decreases in transport and communication costs, has paved the way for the emergence of a truly global system of production – one in which firms are increasingly free to assemble inputs from around the world and to service an equally global marketplace. This in turn has accelerated the globalization of investment, as firms learn that the best way to achieve a comparative advantage in production, in sourcing, and in technology is to establish a direct presence in foreign markets.

Where once trade was about the exchange of goods among national firms operating in national markets, today trade is much more about the movement of components, services and technology within global firms operating in global markets. Where once foreign investment was seen as a way of substituting for trade – a way of jumping over national barriers – it is now seen by many firms as a necessary precondition; to the point where trade and investment are virtually indistinguishable.

Production by foreign affiliates has now overtaken exports as the primary means for delivery of goods and services to foreign markets. Behind this dramatic growth in foreign investment is the so-called transnational corporation. In the 1990s, some 37 000 such corporations generated US\$4.8 trillion in sales, accounting for one third of the combined outward investment of their countries of origin, and generated – directly or indirectly – some one third of world output. Taken together, roughly one third of all trade takes place among branches or affiliates of individual firms.

The implication of such numbers is clear. Global investment is becoming at least as important to Canada's economic future as is global trade. Or to put it another way, in order to advance the goals of greater employment and growth, Canada must be a home to firms with global operations and global aspirations.

Though such observations may seem axiomatic to businesses confronted daily with the strategic challenge of positioning themselves in a global economy for global competition, they represent nothing less than a sea change in the way Canadian governments have traditionally viewed foreign investment.

This sea change has given rise to two policy imperatives. First, we have come to the realization that the central problem facing Canada in the 1990s is not how to screen foreign investment, but

how to compete for it. The fact is that investment is a finite pie. More and more nations want a slice.

Canada is facing mounting competitive pressures to attract foreign direct investment not simply because of a growing recognition worldwide of the jobs and technology that such investment can bring, but because dynamic economies in Asia, in Latin America and in Central and Eastern Europe have become such attractive magnets for investors. Although there will always be key sectors and key institutions that must remain in Canadian hands, it is clear that increasingly government's role is as a facilitator, rather than an impediment, to foreign capital.

It was largely in recognition of these changed circumstances that the more stringent review process for foreign investment under the Foreign Investment Review Act – or FIRA – was replaced by the Investment Canada Act in the mid-1980s. The objective now is to promote most types of foreign investment through an active program of marketing Canada as an attractive investment location – an increasingly critical activity when an estimated 9000 other jurisdictions worldwide are touting their own perceived attractions to international business.

More importantly, policy makers have become increasingly conscious of the need to get Canada's economic fundamentals right if we are to retain and expand foreign investment – messages quickly reinforced by the Moodies of this world, if not by the apocryphal 20-something bond trader in red suspenders. After all, firms do not decide to invest in a market simply because of favourable investment regimes. They decide to invest on the natural assumption that they will receive an adequate return on their investment.

Because of this, Canada needs to offer more than an attractive and stable regulatory environment, important though that is. We need to offer fiscal policies that complement our investment goals – and this means continuing to pursue the reduction of deficits and ultimately debt at all levels of government.

The second policy implication of globalized investment is the more radical: that Canada should be encouraging outward – as well as inward – investment if we want to build bridges to the emerging global economy. After all, the same logic that argues for a greater foreign presence in Canada also argues for a greater Canadian presence abroad. For many Canadian firms – particularly those in the service sector – the best way to access a foreign market is to establish an investment foothold in that market.

These firms also want the kind of access to capital and technology that only a direct market presence or more intensive business linkages can bring. And they want to establish production and distribution networks closer to their customers, either through

direct investments in local facilities or through strategic alliances with existing firms. For many firms, foreign direct investment has become the critical linkage between Canada and the global economy of the 1990s – a calculation reflected in the fact that Canadian investment abroad has risen to about \$125 billion in the last several years, and indeed has been growing faster than inward investment for two decades.

Despite the growing momentum for investment liberalization worldwide, Canadian businesses still face obstacles, especially in key developing markets. There are concerns about the transparency of regulations, about performance requirements, and about the procedures for purchasing existing enterprises. Problems are also encountered in the management and direction of foreign investments, as well as in the repatriation of funds. Rules on expropriation, including commitments for fair market value compensation, are also needed. And outside of NAFTA [North American Free Trade Agreement] countries, there is no legal forum or dispute settlement procedure for investment to match what we have already accomplished in trade. Finally, Canadian businesses want to compete on a level playing field with investors from other countries or with domestic suppliers – in trade policy language, they want most-favoured-nation [MFN] status and national treatment.

If trade and investment are two sides of the same coin, then ideally what we need is a set of rules providing a seamless web of protection for all global economic transactions, whether trade or investment. Unfortunately, the new World Trade Organization [WTO] falls short of this ideal. Some disciplines related to market presence are incorporated in the proposed services agreement or what is known as the GATS [General Agreement on Trade in Services]. A few disciplines on such issues as local content rules are included in the Trade Related Investment Measures – or TRIMs – agreement.

There continue to be efforts to gain greater access for our financial services and telecommunications sectors through ongoing negotiations in Geneva. However, this patchwork quilt is scarcely enough for today's world of increasingly integrated investment and trade activities, let alone for tomorrow's.

In the absence of a more universal regime, Canada has so far pursued a multi-track approach to rule making. The first "track" has been an extensive program of bilateral negotiations on Foreign Investment Promotion and Protection Agreements – or FIPAs. As you know so well, FIPAs help to promote foreign investment by lowering the non-commercial risk faced by Canadian companies investing in certain countries. Among other things, such agreements include legally binding obligations to protect against expropriation and restrictions on the transfer of funds, enforceable through a dispute settlement provision.

The focus of our negotiations has been on developing countries and economies in transition in Asia, in Latin America and in Central and Eastern Europe. These priorities are shaped by a combination of economic and political factors, including an analysis of the current and forecasted level of Canadian investment interest in a particular country and the attendant risks of investing there.

Canada has FIPAs in force with Russia and all the signatories of the Commonwealth of Independent States, with the Czech and Slovak Republics, and with Poland, Hungary and Argentina. New FIPAs were signed recently – and will soon be in force – with Ukraine and Latvia. FIPAs will likely be signed in the next several months with Trinidad and Tobago, Peru, Ecuador, and Venezuela.

Negotiations are also under way with China, India, Hong Kong, Colombia and Kazakhstan, and several are being planned with some seven other priority countries. We shall continue this program as long as it is needed – which means at least until developing countries choose to participate more fully in multilateral rule making on investment.

Another important track for Canada is the NAFTA, which already includes substantial disciplines on investment. Here the path to expansion lies with the accession process – a process soon to be tested with Chile. Chile is important not only because it represents a key destination for Canadian investment in its own right, but also because the Chilean market serves as a springboard into the rest of the continent.

For this reason, we are also working to ensure that investment disciplines become part of the discussions for an Americas Free Trade Area, which is attempting to develop free trade among countries in our hemisphere by the year 2005. And we are undertaking discussions on guiding principles for international investment with other countries from the Pacific Rim under the Asia-Pacific Economic Co-operation forum [APEC].

Finally, in Paris last month, ministers from the OECD [Organization for Economic Co-operation and Development] countries launched negotiations for a Multilateral Agreement on Investment – or a MAI. The key objective is to attain a high-standard investment agreement with respect to access, protection, and dispute settlement among all OECD countries – countries which, of course, are among Canada's major investment partners.

A number of new issues – issues not currently covered by any type of existing agreements – will be on the table. For instance, negotiators will likely address the potential abuse of national security-based exceptions to the principles of MFN and national treatment – especially when such exemptions can be used to restrict access to government-supported technology programs. This form of "technological protectionism" is of particular concern to Canada,

given the vulnerability of our high-technology firms in the United States, Europe, and Japan.

Another subject of negotiations will be extraterritoriality – the ability of a country to reach beyond its borders to apply its laws and regulations to the international operations and affiliates of firms headquartered in its own territory.

More ambitiously, negotiators may look at the interface between foreign investment and private business practices – the way complex financial and commercial linkages among firms can often impede market entry through investment. It is difficult to exaggerate the complexity of this issue – an issue which goes to the heart of the way national economies, and indeed societies, are structured; yet it remains true that disciplines in this area would greatly facilitate access to key markets such as Japan and even Germany.

In the end, however, there is a major shortcoming in the OECD negotiations – the lack of participation of developing countries. After all, these same non-OECD countries last year accounted for over 40 per cent of all foreign direct investment – up from 18 per cent in 1985 – and this proportion can only grow.

More important, it is in many of these countries that investors have the greatest need for binding protection, ease of access, and transparency of regulations. There are consultative mechanisms that might be established for non-OECD countries as negotiations progress; we shall also need to ensure that the final architecture is kept open to eventual accessions. But if we are living in a world in which investment is truly global then any meaningful OECD investment agreement must eventually be anchored in the WTO – perhaps as the catalyst for the first WTO Round.

How does all of this affect Canada's financial sector? You too are service providers in an increasingly porous and competitive global marketplace. You represent an essential link in Canada's productivity chain. And you are not immune to the larger forces at work in today's global economy.

As you are all too well aware, the Minister of Finance and I rarely waste an opportunity to ask what role Canadian banks are playing in facilitating Canadian business performance internationally, particularly the performance of our small and medium-sized enterprises. But tonight I also want to express my interest in the global viability and competitiveness of the Canadian banks themselves. No one can afford any longer to be strictly domestic players, least of all institutions that play such an essential role as financial intermediaries.

Thank you.

Statement

CHECK AGAINST DELIVERY

A circular red ink stamp from the University of Toronto. The text "JUL 23 1995" is stamped in the center, and "University of Toronto" is curved along the bottom edge.

Gouvernement
du Canada

Canada

Thank you for inviting me to meet with you today. It is wonderful to be back in the friendly and dynamic city of Calgary. This is a city whose business leaders, I know, have been among the most active in Canada in pursuing opportunities in the booming markets of Asia-Pacific.

As Prime Minister Chrétien has demonstrated so clearly, trade – exports, investment and technology transfer – is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

Considerable progress has been made in recent months in bringing down trade barriers – at both the interprovincial and the international level. We have had a successful conclusion, after almost seven years of negotiation, to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. We have committed ourselves to the NAFTA [North American Free Trade Agreement]. And we have worked hard to build bridges to Asia-Pacific markets through such vehicles as APEC [Asia-Pacific Economic Co-operation forum], ASEAN [Association of Southeast Asian Nations], and ARF [ASEAN Regional Forum].

Our government is putting into place the building blocks that confirm our identity as a Pacific nation. Roy MacLaren, André Ouellet and I have criss-crossed the region, working hard to promote Canadian interests.

In March I led a 50-member trade delegation to India and Pakistan to pursue opportunities in those countries. Several engineering firms joined me on the visit, and I can tell you they were extremely excited about the myriad of opportunities in South Asia. At the end of July I will be going to Indonesia to explore the markets in that country.

I am convinced that our government's focus on Asia-Pacific – and our explanations to Canadians for that focus – is perhaps the best example to Canadians of our government's Red Book philosophy. In short, exports create jobs, and jobs create wealth for Canadians, thus helping to reduce the deficit and to maintain many of those programs, such as health care, that have made our country the envy of the world.

Yet, as you know, the Department of Foreign Affairs and International Trade must be concerned not only with international trade issues, but also with political, social and economic matters. As our trade grows, we frequently encounter political conditions that are different from those we enjoy in Canada. We respect time-honoured traditions and cultures, but as Canadians we cannot turn aside from violations of universally accepted fundamental freedoms.

As a government, we raise our concerns in this area with our trading partners. We shall continue to do so.

I must point out, however, that trade and human rights are mutually reinforcing. In fact, trade itself is a force for human rights. Trade benefits Canada through job creation – a government priority – but it also supports economic, social and, inevitably, political reform in countries such as China. We believe that a China open to the world can only be good for its people, both economically and politically, and will further the cause of respect for human rights.

Governments that open their doors to international trade are more sensitive to the views and reactions of others. Greater economic freedom encourages the growth of political freedom. People-to-people contact in day-to-day trade can be an instrument of change. The Government of Canada therefore encourages Canadian businesses to expand their participation in world markets. In our view, communication is more of a catalyst than isolation is.

Earlier this year the Government released its statement on foreign policy, entitled *Canada in the World*. In that statement, we outlined our guiding objectives: first, the promotion of prosperity and employment; second, the protection of security; and third, the promotion of our values and culture. We encounter issues in all three areas in Asia-Pacific, and often they are tightly connected to each other. Some tend to see one element being pursued at the expense of the others, but as I have just outlined, I see them being pursued in harmony. Without the basic elements of good governance, rule of law and human rights, there would be no long-term stability in a country or, indeed, in a region.

The statement also drew attention to the high-growth markets of Asia-Pacific and called for an expansion of our effort there. The emphasis on Asia-Pacific is not just fashionable "Pacific century" rhetoric. It is a considered response to real opportunity and a reflection of our confidence in Canada's capacity to compete.

Asia-Pacific represents a source of remarkable strength for Canada's prosperity, a strength that extends well beyond the some \$20 billion in exports we registered last year – a gain of almost 19 per cent over 1993 and close to half of our total non-U.S. trade.

Asia-Pacific means a lot to the Canadian economy:

- Asia-Pacific is a pillar of our agricultural and resource sector, a region with growth three times the average of the OECD [Organization for Economic Co-operation and Development], whose markets will assure the viability of these sectors for years to come;

- With its massive demand for upgraded infrastructure, Asia-Pacific is a crucial test of global competitiveness for key Canadian sectors – power, oil and gas, telecommunications and transportation;
- Rising currencies and incomes have made Asia-Pacific the fastest-growing source of growth for inbound tourism – passenger arrivals into Canada have doubled since 1985 to over 30 per cent of the total;
- Whether for industrial renewal, resource development or scientific innovation, Asia-Pacific is furnishing our economy with a whole new set of strategic partners in corporate finance;
- Asia-Pacific provides four of the top five sources of entrepreneurial immigrants to Canada and 60 per cent of fee-paying foreign students, who pump about \$30 000 per head into our economy;
- And Asia-Pacific is making some distinctive contributions to the Canadian economic agenda:
 - according to research, our trade with the region is uniquely "job intensive" relative to trade with the United States or other regions;
 - statistics show that Asia-Pacific provides an especially powerful avenue of business expansion for Canadian SMEs;
 - Asia-Pacific trade is promising for all Canadian regions but traditionally is of greatest importance for western Canada.

This sense of the importance of Asia-Pacific to Canada is in fact greater still, looking to the future. What we see ahead poses opportunities and challenges, and meeting them both successfully defines the case for a "Team Canada" approach – not just for occasional visits and missions but as a way of doing business on a day-to-day basis.

The emergence of economically and politically powerful middle classes is perhaps the most significant change in the marketplace. Asia's middle classes are huge in number, more global in their outlook, better educated, living longer, and remarkably more affluent than ever before. The new value they bring to the marketplace includes everything from vastly expanded overseas travel, to high-value leisure goods, to environmental services and cultural industries, to greater demand for overseas education and training.

Challenges remain with us in market access. The barriers are more and more of a second-generation type: more connected to whether and how these economies are deregulated and less connected to tariffs and quotas at the border. Still, there is a need for a renewed and focussed effort to improve market access for Canadian exporters.

It is an incredibly competitive business environment. Yet the resources of government for all programs, including business development, are shrinking. We have to focus on services to business that concentrate on the most needed type of support, to the most appropriate clients (above all the SMEs), in the most promising sectors. Improved market intelligence is one of the main objectives of the current retooling of business development programming.

The Government's role will be more "strategic" and less "subsidy." We will work with business to develop attractive and innovative financing packages. We are working to improve co-ordination of federal programs and also with provincial programs to reduce duplication of effort and to convey more of a united front to Asia-Pacific customers.

Asia's highly charged, highly competitive environment probably tests effectiveness of business-government collaboration as no other region does. The essence of Team Canada is mobilization of all talents and all resources across Canada. Again, the Government will be there to assist, with the help of, among other things, the finest trade commissioner service in the world.

But again, resources are limited and our role must be as advocate and catalyst rather than as broker or subsidizer.

In closing, my message to you is to get involved. Export readiness is the business of all of us. We must meet the challenges of the Asian market and take advantage of the new partnerships Asian business provides. If you haven't already, join the Canadian Exporters Association; participate in the bilateral business councils for the various Asian economies; work with your local Chamber of Commerce. Work to enhance the profile of trade with Asia.

Work to acquire language and intercultural skills, but, in the meantime, think about engaging the help of what one study called our "hidden advantage" — the 1.2 million Canadians of Asian origin.

A good deal is worth a big effort; please join with me in making it.

Thank you.

Statement

95/42

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE SUMMIT OF THE AMERICAS TRADE MINISTERIAL



DENVER, Colorado
June 30, 1995



Government
of Canada

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Canada

At Miami, our heads of government resolved to conclude by 2005 the negotiation of a Free Trade Agreement of the Americas in which barriers to trade and investment would be progressively eliminated.

We as trade ministers were directed to review the initial work called for in the Summit's Plan of Action and to approve a program of further preparatory work to be completed over the next year.

We are "on track" regarding these preparations:

- The work carried out by the OAS [Organization of American States] and IDB [Inter-American Development Bank] under the auspices of the Special Committee on Trade has been first-rate. I look forward to more such analysis from these organizations.
- Our officials have established a number of working groups in priority areas to carry out preparatory work and report back to us at our meeting in March in Colombia.

Although it may appear technical, this type of work is of fundamental importance to achieving a successful negotiation. This is a priority initiative for Canada.

Our officials will contribute actively to this work.

However, as ministers we need to do more than initiate a program of preparatory work. We need to provide form and shape to the commitment of our heads of government to the negotiation of a hemispheric free trade agreement. Their commitment in terms of the scope and timing of such negotiations was ambitious but achievable.

However, two fundamental issues need to be addressed in order to complete the architecture of a Free Trade Agreement of the Americas.

First, how ambitious shall we be in terms of specific obligations and rights?

Clearly, all tariffs will have to be eliminated over 10 years, with some limited exceptions to be agreed. This will be the core of the final agreement. But what about other areas?

Once Panama and Ecuador successfully accede to the World Trade Organization, all countries in the Hemisphere will be WTO members. Do we want to go beyond the provisions of the WTO in certain areas?

In the area of agricultural subsidies, we may be able to go further than the WTO. For example, could we agree to prohibit export subsidies in the region by member countries?

In other areas, we may simply want to use WTO instruments to achieve our objectives, for example, the WTO Agreement on Government Procurement.

We need to have answers to these questions prior to embarking on negotiations.

A second question concerns how to achieve the Free Trade Agreement of the Americas. What approach do we use?

We shall of course build upon the various subregional agreements already in place. The liberalization accomplished through existing subregional agreements will obviously make our task easier to achieve. In that connection, we warmly welcome Chile's decision to accede to the NAFTA [North American Free Trade Agreement]. We would agree to extending NAFTA membership to other countries that can undertake its obligations.

Although we shall naturally build upon the liberalization already achieved in existing agreements, we cannot expect to complete our negotiations by 2005 by passively waiting for these agreements to "converge simultaneously." In short, Canada does not see the negotiation of a Free Trade Agreement of the Americas being achieved by countries joining an already existing agreement.

The Free Trade Agreement of the Americas can only be achieved through deliberate action by all countries in the Hemisphere.

If we are to finalize negotiations of the Free Trade Agreement of the Americas by 2005, it will be necessary to commence negotiations in all or at least some areas by 1997.

To meet this target, we as ministers shall need to have decided by then on the approach we intend to pursue.

- Is it a negotiation among existing subregional agreements, bloc to bloc?
- Or is it the classic approach of a new hemispheric free trade agreement open to all 34 participants?

Although we do not need to answer these questions today, we need to start our discussions.

Can we agree that at our meeting in early 1997 we shall decide on answers to such questions, and today charge our officials with conducting the required analysis in good time for that meeting.

I look forward to hearing the views of my colleagues. Thank you, Mr. Chairman.

Statement

95/43

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE
CANADIAN INSTITUTE FOR ADVANCED LEGAL STUDIES

"TRADE RULES OR POWER POLITICS?
REGULATING INTERNATIONAL TRADE CURRENTS"



CAMBRIDGE UNIVERSITY, Great Britain
July 17, 1995



Thomas Jefferson observed that "it is the trade of lawyers to question everything, yield nothing, and to talk by the hour." Although we Cambridge alumni share some of the same basic training, having been taught to question the status quo and not to yield in debate, you will be relieved to know that I do not intend to talk by the hour. Instead, I would like to discuss briefly the remarkable reform in international trade relations that is unfolding before us.

Permit me to state three propositions. First, international trade rules are more than ever replacing power politics. Rules are providing transparency and predictability so essential to business in a global economy. Second, the way we enforce these rules is changing. Governments are being forced to come to grips with the limits on their sovereign authority to shape domestic policy. Third, the legal community has a special role to play in helping this new rules-based system to respond to the evolving needs of global traders and investors.

To begin, let's go back a little in time. The 1948 General Agreement on Tariffs and Trade, the GATT, was designed to address high tariffs, discriminatory quotas, and other measures employed by Messrs. Smoot, Hawley and their brethren in the U.S. Congress to "beggar-thy-neighbour" at the border. The GATT's rules did not reach, for the most part, beyond national frontiers and measures directly targeting imports and exports. Rather, they called for the reduction of tariffs and national treatment. They allowed countries to adjust prices at the border in various ways, for example, through temporary surcharges to protect domestic industry from import surges, or through antidumping or countervailing duties.

GATT rules served as a transformer, a mechanism for reconciling the trade currents of exporting nations with those of importing nations. This role can be seen in the concept of "nullification and impairment," and the maintenance of a balance of advantages, which is at the root of the GATT dispute settlement procedure. Rather than emphasizing harmonization or addressing domestic policies, they ensured communication and conversion from one national electrical current to another, thereby making economic co-operation that much more efficient, avoiding blow-outs and black-outs due to incompatible power grids. But they most emphatically did not reach into the domestic sphere to change the current in the belief that by regulating what happened at the border alone, trade could be increased.

Through successive rounds of GATT tariff reduction negotiations since 1947, these rules have proven to be remarkably successful. Although some peaks remain, particularly in the agricultural sector, industrial tariffs in most sectors are now low. And as a result, trade has grown at a rate nearly double that of the growth in production.

But through the 1980s, several things changed. First, trade ministers, ingenious bureaucrats and domestic regulators, who no longer had the tariff at their disposal, devised increasingly disguised non-tariff barriers in their stead. Powerful industries in powerful countries demanded new ways to prevent competing products from crossing the border. And once again, the international community faced the prospect that economic leverage, rather than the rule of law, would govern trade relations.

Second, something fundamental changed in the international trading system. Technological innovations, such as semiconductors, fibre optics and satellite communications, increasingly fuelled the globalization of business by facilitating the globalization of production – one in which firms are increasingly free to assemble inputs from around the world and to service an equally global marketplace. This in turn has accelerated the globalization of investment, as firms learned that the best way to achieve a comparative advantage in production, in sourcing and in technology was to establish a direct presence in foreign markets. Trade became much more about the movement of components, services and technology within global firms operating in global markets.

Where once foreign investment was seen as a way of substituting for trade – a way of jumping over national barriers – it is now seen by many firms as a necessary precondition for trade, to the point where trade and investment have become virtually indistinguishable. In fact, production by foreign affiliates has now overtaken exports as the primary means for delivery of goods and services to foreign markets.

And third, as the recent automotive dispute between the United States and Japan illustrated, differences in national approaches to trade policy making have become apparent. The differences during the Uruguay Round in the United States, Japan and Europe have been described as the diffusion of power and private sector activism in the United States, the bureaucratic balancing of member-state interests in the European Union and the bureaucratic balancing among several government departments in Japan. Differences in how governments approach regulating competition, the environment, or technical standards, although not necessarily intended to impede trade, may be discriminatory in their effect or provide an unfair advantage not apparent before the retreat of the tariff. These differences all contribute to "system friction."

These developments over the past decade or so drew together countries of the world in a concerted effort to update the rules, and thereby to check the unilateral exercise of power. The seven-year trade negotiation marathon known as the Uruguay Round of the GATT proved arduous. Issues previously viewed as relating solely to the domestic sphere had been raised to the international level. No longer were countries only concerned about measures imposed at

the border. Now domestic measures affecting competition were also on the table.

Under Peter Sutherland's wonderful leadership, the member countries of the GATT responded admirably to these challenges in the Uruguay Round. The Uruguay Round Agreement demonstrates a qualitatively different and novel role for the institutions it has created and the sub-agreements it incorporates. This is evident when one compares the new World Trade Organization [WTO] with the limited and passive list of tasks assigned in 1948 to the proposed International Trade Organization and subsequently to the GATT.

Trade lawyers have moved from dealing with a 70-page GATT Agreement to a 560-page World Trade Organization Agreement. Although Sir Winston Churchill once said that "if you have ten thousand regulations, you destroy all respect for the law," our expectations remain nevertheless high. We are calling on the World Trade Organization to resolve far more complex issues. Over the coming months, early panels may involve examinations of the extent to which a country may regulate internal competition and involve itself in a domestic market. We now accept this as a matter for international scrutiny. The rules of the WTO represent a paradigm shift, a far cry from the transformer and shock absorber of yesterday. Today, the WTO's rules have become a regulator, increasingly dictating the permissible power currents in trade.

These international trade rules, like all forms of regulation, are not static in nature; rather they foster progress and direct the course it may follow. They provide an orderly means for peaceful, and profitable, change. Trade rules therefore serve a dual function. On the one hand, they bring order to chaos. They are like traffic lights, creating transparency and predictability, allowing economic actors to maximize their benefits without harming others. On the other hand, however, they also create the conditions for channelling the raw, untapped energy of trade flows. Trade rules encourage some trade patterns over others and contribute to efficiency in a given economy. Trade rules therefore both regulate and improve. And rules prevent the larger powers from unilaterally, and without warning, imposing their will on lesser economic actors. Although power can never be ignored, its nefarious effects are at least mitigated.

Trade rules will also serve as a benchmark — the WTO as regulator must also have a performance meter. Through devices such as the new Trade Policy Review Mechanism, we can observe how far each of us has come and what work remains to be done. We need to measure our performance, just as we measure trade flows themselves.

As governments have increasingly demonstrated their willingness to accept the disciplines of agreed trade rules, so have these rules become more precise, covering more areas of activity. The zone of government action free from international disciplines is

increasingly circumscribed. We have designed an international institution which can regulate these issues, rather than serve more passively as a transformer that merely explains and absorbs the differences between trading partners.

As examples, let us look at two WTO agreements on non-tariff barriers: "technical barriers to trade" and "sanitary and phytosanitary measures," or SPS. In dealing with matters traditionally within the zone of domestic regulation, both agreements seek to strike a careful and appropriate balance between the right of every government to regulate in the name of safety, health, consumer protection, and the environment, on the one hand, and on the other hand the need to ensure that such regulation does not become an unnecessary obstacle to trade. The technical barriers agreement sets out specific rights and obligations regarding such government technical regulations and industry standards as labelling and packaging, terminology and symbols, and regarding testing, inspection and approval procedures. The SPS agreement deals specifically with measures to protect human, animal and plant life and health, for example, regarding pesticide residues in food, plant and animal diseases, food additives and toxins.

The agreements make clear that governments remain free to pursue legitimate regulatory objectives, such as consumer safety and health protection. Every government may establish the levels of protection that it considers appropriate. In other words, nothing in either the North American Free Trade Agreement [NAFTA] or the World Trade Organization Agreement constrains a government from determining the degree of tolerance or protection it wishes.

The technical barriers agreement says, in effect, that technical regulations must not discriminate between foreign and domestic products, and must not create unnecessary obstacles to trade. Special rules ensure that, where testing and approval procedures, or "risk assessments," are required, they are administered in a manner that treats foreign and domestic goods on an equal footing. The SPS agreement takes a somewhat different approach: governments must base their SPS measures on scientific principles and on a risk assessment. In effect, this requires a government to ensure that there is a reasonable relation between its measure and the underlying objective it is designed to meet.

Both agreements use internationally agreed standards as a benchmark, but generally allow governments to impose higher standards where the international standard is ineffective or inappropriate to meeting legitimate objectives.

In recognition of the fact that trade is made easier where domestic regulations in different countries are compatible, both agreements promote "equivalence" of standards and technical regulations. However, the notion of "mutual recognition" can be just as

effective, and less of an interference in domestic rule-making, in ensuring that regulators accept the domestic regulations of other countries as equivalent in a manner that ensures enhanced safety and consumer protection.

And in the spirit of avoiding disputes through early warning, both agreements require "transparency."

In sum, the new agreements on technical barriers to trade, or standards-related measures, and on sanitary and phytosanitary measures seek to provide a framework within which government, industry and consumers can address legitimate consumer health and safety and environmental measures in a manner that facilitates international trade.

At the recent G-7 Summit in Halifax, leaders of the major industrialized nations confirmed their commitment to implement the Uruguay Round Agreements, to consolidate the WTO as an effective institution, to ensure a well-functioning and respected dispute settlement mechanism, and to ensure that participation in regional trade initiatives continues to be a positive force for the multilateral system. As we stand at the summit's peak, we can survey with some pride the WTO Agreement and all that we have already accomplished in various regions. The successful conclusion of the Uruguay Round, thanks in large measure to Peter Sutherland's energy, intelligence and, in the end, sheer obstinacy, is surely one of the great achievements of the latter part of the 20th century, crowning almost eight years of negotiations, and signalling the fundamental changes occurring within the international trading system. We are right to regard this achievement with satisfaction.

It is tempting at this juncture to avoid climbing other peaks and take the easy path downwards towards gentler pastures. But attractive as a gentle stroll from the summit down to tranquil meadows might be, we cannot afford complacency. Why must we turn away from such pleasant prospects so soon after such a rigorous ascent? Because the signing of a trade agreement is but one peak among many to be crested. The conclusion of any trade agreement, even one of the sheer volume of the Uruguay Round for example, is only a beginning, and not the mere conclusion of a round of negotiations, difficult as they may have been. The G-7 leaders at their recent summit in Halifax said:

We are committed to the successful completion of current negotiations in services sectors and, in particular, significant liberalization in financial and telecommunications services.... We encourage work in areas such as technical standards, intellectual property and government procurement; an immediate priority is the negotiation in the OECD of a high-standard multilateral agreement on investment.

Governments are not leading the charge; we are simply trying to keep up with global trade patterns. We cannot achieve this without trade rules to back us. We need the rule of law, as embodied in the WTO, to serve as regulator and transformer all at once.

The new, far-reaching and prescriptive rules of which I have been speaking have bred new challenges. These rules demand streamlined and effective dispute settlement to equip us with expeditious, timely and responsive procedures to enforce the rules and to prevent all-out trade wars — a sort of essential containment function.

As I have noted, until the World Trade Organization came into being, dispute settlement within the GATT, as transformer, was concerned primarily with the maintenance of a balance of reciprocal rights and obligations, rather than illegality or breaches of treaty obligations. This mechanism was a strange and unwieldy beast for trade lawyers, very different from the legal systems in which they had received their initial training. As an illustration, no consensus ever emerged on the nature of a GATT Panel ruling — whether or not it was binding on the parties to the dispute and whether or not it created legally binding interpretations of GATT rules for future disputes.

Within this difficult framework, there developed additional problems over the years. Delays of up to two years occurred between initial requests for consultations and circulation of a panel report. The quality of panel reports, while generally good, could vary. There were even, on occasion, shortages of qualified, available panelists. Moreover, the adoption of panel reports could be blocked by one of the parties to the dispute if it found it convenient to do so. Even if adopted, implementation of recommendations by the offending party could be delayed.

Now, with the creation of the World Trade Organization, a new era in dispute settlement has dawned. Practical and positive changes are being wrought. The creation of a Dispute Settlement Body which will manage all disputes, improved time limits, automatic establishment of panels, the creation of an Appellate Body and improvements in implementation and compliance procedures all mean that the new World Trade Organization, the regulator, has been given some bite.

Building on the impressive achievements of the North American Free Trade Agreement, the WTO now recognizes the importance of effective institutional arrangements for conducting trade on a non-discriminatory basis. It recognizes that the best form of dispute settlement is dispute avoidance. The best way to avoid disputes is to let others know what you are planning to do, to hear the views of others, and to correct small mistakes before they fester and become political issues. Hence the emphasis on transparency. The WTO also points towards more permanence in institutions.

However, these developments fall short of the revolution that is required. Although we have made such tremendous progress on the substance of the rules, some are now questioning the way in which these rules should be enforced.

Take the area of trade remedies. Under both the Canada-U.S. Free Trade Agreement and later the NAFTA, we created a unique system for binational panels to carry out judicial review of domestic antidumping and countervailing duty determinations. Although only an interim solution which, while responding to the problem of harassment by special interests, has no permanent place in a free trade area, this system has worked remarkably well. Over 50 cases have been heard; decisions have been well-reasoned and of a uniformly high quality and have been implemented by domestic authorities in the majority of cases without criticism or complaint. But now, the same special interests in the United States that used and abused trade remedy laws before are claiming that international judicial review raises constitutional problems.

The recent automotive dispute between the United States and Japan is again instructive. Faced with a range of domestic regulations that prohibited foreign firms from selling into the Japanese automotive market, the United States' knee-jerk reaction was to threaten unilaterally to impose sanctions first, and only later to accept begrudgingly that the WTO dispute settlement procedures might provide an avenue for achieving greater market access - for enforcing the rules.

Now it may be true that the differences between the United States and Japan were in part about matters on which we do not yet have rules, such as competition and concentration in domestic markets. And that is why, as I mentioned, governments are committed to building on the results of the Uruguay Round to broaden and deepen the coverage of international trade rules. But several aspects of the dispute are about things that the WTO does address: import procedures, technical standards, and other market access issues.

The knot of the problem is the question of sovereignty and national prerogatives. Canada's implementing legislation for the WTO Agreement involves amendments to 29 federal statutes, on matters ranging from banking licenses to entry visas for business people, and from trademarks, copyrights and patents to pest control products. The result is an ever-increasing interplay between domestic and international rules. As noted GATT scholar John Jackson has observed, this necessarily affects the decisions policy leaders make about when and how to intervene in their national economies.

We know that governments will intervene in their national economies when faced with "market failure" or when seeking to achieve "non-economic goals." They will have at their disposal such varied tools as taxation, regulation, subsidies and the manipulation of

incentives. But when does such intervention become an international issue? At what point should international rules step in? Within what decision-making framework will it choose to do so?

To the south of the 49th parallel, some are cringing at the expanded reach of the rules of NAFTA and the WTO. For example, Senator Dole has proposed a WTO Dispute Settlement Review Commission, with a mandate to review whether WTO panel decisions should be accepted by the United States. Americans seem to be contemplating the establishment of their own transformer, to shield themselves from WTO currents should they become "tyrannical and abusive." And I have already mentioned that arguments have been raised which query the constitutionality of giving antidumping and countervailing duty panel decisions binding effect in United States domestic law. Although the United States can rightfully claim to be a staunch defender of the international rule of law through such central institutions as the International Court of Justice and other United Nations bodies, there are those in the United States who appear unwilling to accept such an international rule of law for international trade. Section 301 still looms large on the horizon, despite the panoply of international rules now at the United States' disposal.

These new rules will become useless pronouncements without the backing of the proper incentives to ensure their enforcement. As we witness the growth pains of a new and more muscular institution, we must nourish it by making strengthened dispute settlement a high priority. Indeed, the credibility of the WTO will hang on the success of its dispute settlement mechanism.

Some day in the not-too-distant future, we may have to consider whether the WTO dispute settlement system, even with all the improvements over the GATT regime that preceded it, is up to the task of guaranteeing respect for the rule of international trade law. In Europe, the architects of what has become the European Union recognized that significant economic integration had to be accompanied by a system through which rules could be enforced effectively. And they concluded that only by creating a European Court of Justice with supranational authority, and by giving its rulings direct effect in the domestic law of its member states, could respect for an open trade and investment environment be assured.

Some have said that such supranationalism is antithetical to the democratic traditions which have shaped the American, Canadian and British political systems, that direct effect of international law cannot be reconciled with representational government and public accountability. Senator Dole refers to "unelected bureaucrats" with "an agenda of their own to modify existing international trade amendments, abuse their role, and reach inappropriate results." But the very source of our democratic traditions, Great Britain itself, yields ample proof that democracy and an international rule

of trade law can co-exist. In 1970, the British Parliament passed the European Communities Act and, although the relationship between Great Britain and its European partners has on occasion been rocky, British lawyers and judges have reconciled parliamentary sovereignty with the regulation of trade by the European Union. Through a wise, practical and jurisprudential approach, the British have demonstrated that Western democratic traditions are fully consistent with supranational regulation of trade.

Canada is taking some steps toward strengthening the rule of international trade law ourselves. For example, the NAFTA provides for investor-state dispute settlement, under which a foreign investor may itself invoke international arbitration directly against its host government to enforce the rules of the treaty. Final awards in such matters are given direct application in domestic law. And the pending negotiations concerning the OECD's proposed Multilateral Agreement on Investment may well draw on this example, providing as it does a powerful counterweight to special interest lobbying by obviating the need for companies to politicize disputes.

Another step in strengthening the enforcement of rules has been increasing the role of domestic authorities in enforcement. With more and more areas of domestic economic regulation now disciplined to some extent by international rules, so too more and more provisions of domestic statutes have their genesis in an international treaty. And both the NAFTA and the WTO set out a range of enforcement procedures to be implemented domestically: bid challenge review procedures for procurement; civil remedies for trade-related intellectual property matters; procedural requirements for the conduct of trade remedy proceedings, to name just a few. Domestic fora are, in effect, being asked to act as agents to enforce the international rules.

I have talked about creating a "WTO Plus" — a framework for liberalized trade among countries willing to go farther than all have been able to go to date, to go farther in regional groupings such as Asia-Pacific or the Western Hemisphere pending additional global rules. But the WTO Plus is also about controlling the incredible power surge created by trade flows and plugging it into the multilateral generator. Proper enforcement of international trade rules therefore serves the best interests of all trading nations. And, with many of the rules already agreed to, the step towards effective enforcement need not be as traumatic as many would make out. Indeed, it flows naturally from all that we have accomplished to date. Both domestic and international rules and rule-makers can work together, can learn from each other and reap the benefits of trade. As Canadians, we are particularly well placed to assist in the construction of a new WTO Plus architecture. We have always been committed to the overarching ideal of the rule of law, both within and among nations. And, as a small country open to the world through the tremendous percentage

of our economy given over to trade, we are quite comfortable with interdependence and international regulation.

As it unfolds, this growing interplay between the domestic and the international must have a significant impact on your daily lives as legal professionals. It imposes a professional responsibility to stay current with international legal developments. The practice of law has traditionally been viewed as a field that was jurisdiction-specific. Lawyers were rarely allowed to move beyond the confines of the law of their jurisdictions. But decisions about mobility rights in the European Union and under the Charter of Rights in Canada blazed a new trail. So too, in the new world trade order, things are different. If the statute that you interpret or apply flows from international considerations or has international consequences, you must be aware of this international dimension. If enforcement of global trade rules in part takes place at the domestic level and is not limited to the government-to-government arena, your advice must include continuing analysis of these rules. If domestic courts and tribunals are becoming local agents for the enforcement of international rules, then the relationship between domestic law and international law must be recognized explicitly. The practice of law is thus at the epicentre of a developing rule of international trade law.

But even the best-designed dispute settlement system, supranational or domestic, can only work if the rules themselves respond to business imperatives. And, as I mentioned, G-7 leaders at Halifax affirmed their commitment to addressing areas where the rules still fall short. However, we in government work from our remote capitals. Accordingly, we are dependent on you, on the front lines, to inform us of what is actually happening and what response is required. The legal community plays an essential role, not only in helping to write and to enforce the rules, but also in thinking strategically about where we are headed and to keep pace with developments as they unfold. New issues, including trade and environment, trade and competition, employment and labour standards, will increasingly require our attention, whether in the World Trade Organization or in the various regional groupings.

An ongoing dialogue among the legal community, business and government is essential to the development of an intelligent response to economic trends. I look forward to the next Cambridge Lectures to ensure that our lines of communication remain open.

Thank you.

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Statement

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AS DELIVERED

AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE MAPLE LEAF CLUB LUNCHEON



SURABAYA, Indonesia
July 27, 1995



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Honoured Guests, Ambassador, ladies and gentlemen:

It gives me great pleasure to be with you here today. This is my first trip to Surabaya and East Java, and it confirms my belief that we have made an excellent decision to appoint our first Honorary Consul in Indonesia, Mr. Alim Markus, in this dynamic city of 4 million inhabitants.

As the second-largest city of Indonesia in the province of East Java, one of Indonesia's most important manufacturing centres, Surabaya is the Gateway to Eastern Indonesia. I too come from a gateway city - Vancouver, in the province of British Columbia. Like Surabaya, Vancouver is a port city far from the centre of the country and the capital. However, both Surabaya, East Java and Vancouver, B.C., are central to the economic well-being of each of our countries.

I am most impressed that East Java boasts half a million industrial facilities producing an annual GDP of US\$22 billion, and that the province has averaged annual economic growth of over 8.5 per cent in the last three to five years, making it Indonesia's fastest growing economic region. According to the local Chamber of Commerce, East Java exports to Canada are valued at \$29 million. I think it is quite fitting that Canada is now represented in this important city and province.

And I am delighted that Ambassador Dickenson recommended that Canada appoint Mr. Alim Markus as our Honorary Consul. Mr. Markus assumed his new position on July 1st, Canada's national day, in a ceremony presided over by the Ambassador and the Governor, His Excellency Basofi Sudirman.

As President Director of PT Maspion Group, Mr. Markus is a highly respected member of the Surabaya business community and has strong Canadian credentials. His firm's North American sales office is located in Toronto - a city similar in size to Surabaya, which has annual exports to Canada approaching \$5 million per year. I want to take this opportunity to thank Mr. Markus for taking on the job of Canada's Honorary Consul in East Java and wish him the best of luck in this new position. As Canada's pillar in East Java, I am sure he will be even busier than he already is, but I hope he will still have time to enjoy a game of golf every so often.

While this is my first trip to East Java, it is not my first trip to Indonesia. I was here with Canada's Prime Minister, Jean Chrétien, last year when your country very successfully hosted the APEC [Asia-Pacific Economic Co-operation forum] leaders' and ministerial meetings. The Bogor Declaration, which emerged from the APEC leaders' meeting, is a testimony to the leadership and vision of the Government of Indonesia, and especially President Soeharto. There are indeed few developing countries who would have the courage and foresight to propose free trade. There are even fewer countries who would show the commitment thereafter to take steps to begin the implementation of this lengthy and difficult process.

Canada knows about this because we had a Free Trade Agreement with the United States. Soon thereafter, we became part of NAFTA, the North American Free Trade Agreement, with both the United States and Mexico. Soon we will be adding a fourth partner to this equation by bringing in Chile.

Free trade is the way of the future, and we commend your government for the bold steps already taken in bringing down the new deregulation and market liberalization package announced in May. We know how difficult it is, but we also know the benefits that can result.

Last November, before the official program of APEC began, Prime Minister Chrétien and I had breakfast with six of your government's cabinet ministers – Ministers Habibie, Sudjana, Taher, Ariwibowo, Sanyoto and Wardiman – and about 200 Indonesian and Canadian business people.

After breakfast, we witnessed the signing of almost \$1 billion worth of trade and investment deals between Canada and Indonesia. It was at that time that both the Prime Minister and I decided we really must return to this country – and soon. As you can see, I have returned only eight months later.

Indonesia has been an almost regular feature of my agenda:

Last December, I met with the Research and Technology Minister, Dr. Habibie, and the Communications Minister, Dr. Haryanto, when they were visiting Canada.

In May, I met your Foreign Affairs Minister, Mr. Alatas, at a conference in Vancouver hosted by Canada for consultations with all the ASEAN [Association of Southeast Asian Nations] foreign ministers in preparation for the G-7 Summit held in Halifax.

I also met your Investment Minister, Mr. Sanyoto, in Vancouver as he was leading a cross-Canada investment mission of 50 Indonesian business representatives.

And in June, I met the Religious Affairs Minister, Mr. Taher, when he paid an official visit to Canada.

Also earlier this year, Canada's Finance Minister, Paul Martin, and our Secretary of State for Multiculturalism and the Status of Women, Sheila Finestone, visited your country.

These high-level government-to-government visits demonstrate the growing and deepening links between our countries and the increasing interest our respective governments are according this relationship.

And there are other ways we are building links.

Less than a month ago, the Canadian Patrol Frigate, HMCS *Regina*, paid a three-day visit to Jakarta. Members of the Indonesian Navy were among the honoured guests aboard the frigate. While enhancing bilateral relations, this visit also served to promote security in the southeast Asia region, which is in the interest of every Canadian and Indonesian.

Our respective business communities are also doing their part to build links between our countries. In fact, they have long realized the great potential that lies in commercial co-operation. In 1994, our two-way trade exceeded \$1 billion, and total and planned Canadian direct investment in Indonesia exceeds \$5 billion – Canada's largest overseas investment in an Asian country.

Here in Surabaya there are some very good examples of Canadian and Indonesian business links. In a few moments, I will witness the signature of documents that will establish the Surabaya Chapter of the Indonesia-Canada Business Council. Last November, witnessed by the Prime Minister, the Indonesia-Canada Business Council and the Canada-Indonesia Business Council signed a co-operation Memorandum of Understanding [MOU].

This morning, just after I arrived in Surabaya, the Regional Division of Canadian Airlines International, one of Canada's two national airlines, signed an MOU with Merpati, Indonesia's regional airline. The MOU provides for co-operation in airline maintenance, administration and training. Funding to support this project has been provided through the Canadian International Development Agency's Industrial Co-operation Program.

Canadian business is also active in the environment, financial services, architectural design, manufacturing, and consulting engineering sectors.

Development co-operation also helps to build links. Indonesia represents one of the largest development co-operation programs in the world for the Canadian International Development Agency [CIDA], disbursing more than \$28 million annually. Funds are targeted at projects in areas such the environment, private sector development and infrastructure services, women in development and human resources development.

East Java benefits through many CIDA-supported development projects, such as the Islamic Higher Education Development Project, supporting Institutes of Islamic Studies throughout Indonesia; the Environmental Management Development in Indonesia [EMDI] project, strengthening the environment at the government policy level; the Indonesia Co-operative Development Assistance Program, which supports dairy co-operatives in East Java; and the Women's Support project, which assists the Ministry for the Role of Women in carrying out its mandate.

Earlier this week, I signed two MOUs for very interesting development co-operation projects. The first, co-signed by your Minister of Finance, Mr. Mar'ie Muhammad, dealt with reform of the financial services sector, specifically in the areas of pensions, insurance and non-tax revenue. The second project MOU, co-signed by your State Minister for the Environment, Mr. Sarwono, represents a further initiative to build on years of Canadian-Indonesian co-operation in the area of the environment.

I hope that what I have been a part of this past week, and what has occurred these past few months, in terms of high-level political interest and business success, is just the beginning of a flourishing and mutually beneficial partnership.

I believe that the Maple Leaf Club will be an essential pillar upon which we can further build an enduring partnership. They are leaders in your community. The members of the Maple Leaf Club are alumni of Canadian universities and colleges. Even Industry Minister Ariwibowo is a graduate of a Canadian university. My government believes that education linkages is one of the best ways to foster people-to-people ties, which are critical to enhanced mutual awareness and understanding. And my government is doing something to foster these linkages.

As announced by our Prime Minister last year, Canada will soon establish a Canadian Education Centre in Jakarta. The objective of the Centre will be to promote Canada as a top-quality and affordable post-secondary education destination, where students can learn in a safe, clean and stimulating environment. The Centre will be able to provide information and counselling for Indonesian students.

It is our belief that through increased commercial and educational links, and continuing development co-operation, the people of our two countries will come to know each other better. It is imperative that we do so. And my visit here is a step in that direction.

I hope that in the next several months, we can continue to build pillars so that our relationship will expand and strengthen. Let's continue to work together on issues of peace and security. Let's work together on breaking down the barriers to trade and investment within the region and between us. Let's expand opportunities to get to know each other better, through cultural exchange and especially education links. Now that we have an Honorary Consul established in Surabaya and Canada's interests are better represented here, I am confident the future is promising. We are putting in place the pillars that will support an enduring and mutually beneficial partnership for the years to come.

Thank you.

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Statement

95/45

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO COMDEF '95



VANCOUVER, British Columbia
August 8, 1995



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I am very pleased to have this opportunity to talk with you today to outline my role as Secretary of State (Asia-Pacific) and to discuss some of the ways in which we can work together to further our relationship with countries of the Asia-Pacific region.

First of all, my role as Secretary of State (Asia-Pacific) is to advise the Minister of Foreign Affairs on Asia-Pacific matters. I also work very closely with our Minister for International Trade, helping him with our government's efforts to open up markets in Asia to Canadian business. My responsibilities, therefore, cover both geographic and sectoral issues, such as political and economic matters and social development assistance.

Earlier this year our government released its Statement on Foreign Policy entitled *Canada in the World*. In that statement, we outlined our guiding objectives: first, the promotion of prosperity and employment; second, the protection of security; and third, the promotion of our values and culture. We encounter issues in all three areas in Asia-Pacific and often they are tightly connected to one another. Some tend to see one element as being pursued at the expense of the other, but I see them as being pursued in harmony. Without the basic elements of good governance, rule of law, and human rights, there would be no long-term stability in individual countries or indeed, in the region. Today I would like to focus on the security aspects of our relationship.

The Asia-Pacific region is probably the one that has seen some of the most dramatic changes since World War II. Of course, there have been "headline" events - revolutions, military coups, insurgencies and civil wars - but there have also been very significant peaceful political evolutions such as decolonialization and constitutional reforms. Even more significant, there has been steady economic growth in almost all countries in the region, especially those countries in North Asia and Southeast Asia. Indeed, growth rates in much of the Asia-Pacific region during the 1980s were more than twice those of the rest of the world. Asia's share of the world income could rise from 24 per cent in 1989 to 35 per cent by 2010, and to over 50 per cent by 2040.

Hence, while it would be incorrect to argue that threats to security in Asia-Pacific are more serious now than they were during the Cold War, the scope of Canada's interests in the region is much wider than ever before.

The region is now dynamic but the environment remains uncertain. We cannot predict the outcome of generational changes in some Asia-Pacific countries or delve into the minds of those who will be shaping policy in China. We cannot predict with certainty what will happen in the Koreas, in the China Straits, in the South China Sea, in Kashmir. Indeed, we cannot predict confidently that tensions will not arise where they are currently dormant or non-existent.

We are convinced, however, that we must take advantage of the current comparative stability in the region to build the structures that will either head off conflict in the future or help us to deal with whatever tensions do arise.

Since being appointed Secretary of State (Asia-Pacific) I have travelled to virtually every country in the region; I have travelled to every ASEAN [Association of Southeast Asian Nations] country, and from China to New Zealand, and Korea to Pakistan. In total I have visited close to 25 countries in my portfolio. From my repeated visits it is quite evident that Canada's role in the Asia-Pacific is often not well understood. But, as I hope to show you, our past, our present and our future are bound up in the region.

Canada made significant sacrifices in places such as Hong Kong in World War II. At the other extremity of Asia, we have been involved in attempts to keep the peace in Kashmir since 1948, and we continue to offer our support in any effort to find solutions to the current conflict in Sri Lanka.

In the Korean War, Canadians formed one of the largest UN contingents and suffered many casualties. We served in the Indochinese and Vietnamese control commissions. And we participated in UN actions in Afghanistan and Cambodia. We are still active in demining training in Cambodia.

We were one of the driving forces in the creation of the ASEAN Regional Forum, the only region-wide security forum for Asia-Pacific. In the ASEAN Regional Forum context, Canada took the initiative to hold a seminar on peacekeeping in Brunei in March, and will co-chair, with Malaysia, a follow-up seminar in the coming months.

I am also pleased to note that the 19 ministers assembled in Brunei on August 1 for the second ASEAN Regional Forum and Post-Ministerial saw fit to single out for particular attention the Canadian contribution to the South China Sea workshops hosted by Indonesia.

In addition to formal governmental processes like the ASEAN Regional Forum and Post Ministerial, there has also been constant and very encouraging activity at a more informal level among non-governmental players such as academics, and officials acting in their personal capacities. This dialogue has paralleled and, at times, propelled the formal intergovernmental process. Canadians have played an active role in offering both intellectual and organizational leadership to this process.

As they have grown and proven their value, these activities have become more focussed, and there is now a region-wide, non-governmental umbrella organization that tries to pull together

all the regional activities: CSCAP – the Council on Security Co-operation in Asia-Pacific. CSCAP's membership comprises institutes of international and security affairs from 10 countries. The Canadian Committee of CSCAP recently co-sponsored with Japan (in Tokyo) a very productive seminar on "frameworks for stability on the Korean Peninsula."

We are also actively encouraging the Canadian community to take a more prominent role in Asia-Pacific security issues. This has led to the formation of an organization of Canadian specialists from all over this country – the Canadian Consortium on Asia-Pacific Security, whose membership now exceeds 150, mainly academics and officials.

In the Asia-Pacific region, Canada is working to build a co-operative security framework that responds to the realities and needs of the region. We are also working to position the region – our region – in a stronger position to contribute in a meaningful way to building global security. This means engaging a wide range of tools – bilateral and multilateral – and developing a diverse set of relationships. These include relationships among business people and military officers, among diplomats and academics, and among artists and students. There can be no real security if hunger, poverty, social injustice and environmental degradation occur. Thus our development assistance programs will continue to be an important instrument in support of Canada's foreign policy interests, while reflecting our humanitarian concerns in the region.

As our trade with Asia continues to grow we frequently encounter political conditions that are different from those we enjoy in Canada. We respect time-honoured traditions and cultures, but as Canadians we cannot turn aside from violations of universally accepted fundamental freedoms. As a government, we raise our concerns in this area with our Asian partners. We shall continue to do so.

I must point out, however, that trade and human rights are mutually reinforcing. In fact, trade itself is a force for human rights. Trade benefits Canada through job creation – a government priority – but it also supports economic, social and inevitably, political reform in countries like China. We believe a China open to the world can only be good for its people, both economically and politically, and will further the cause of respect for human rights.

Governments that open their doors to international trade are more sensitive to the views and reactions of others. Greater economic freedom encourages the growth of political freedom. People-to-people contact in day-to-day trade can be an instrument of change. The Government of Canada therefore encourages Canadian businesses to expand their participation in world markets. In

our view, communication is more of a catalyst than isolation is. And the end result is a more secure Asia, and a more secure world.

Canadian realities have also changed as a result of our engagement with Asia-Pacific. For example, Asia now provides more than 50 per cent of our immigrants. Five per cent of our population is of Asian origin. Chinese is the third most frequently spoken language of Canadians. Fifty thousand Canadian citizens live in Hong Kong.

In the Canadian Parliament, I am one of several members of Parliament born in Asia.

Despite the already existing high level of Canadian engagement in Asia-Pacific, the Defence White Paper, the Parliamentary Review of Foreign Policy and our department's response to it all pointed to the need to enhance Canadian visibility and activity in the region. You will note that this was taken very much to heart by the Navy, which will now balance its presence on the Atlantic and Pacific coasts.

The recent and very successful visit of two of Canada's state-of-the-art frigates to Southeast Asia and the South Pacific points to a determination to be more actively involved in co-operating with friends on both sides of the Pacific. This is a recognition that vital Canadian security interests lie in Asia-Pacific. Some of these are global concerns and others are regional.

Among these interests are such matters as nuclear non-proliferation, control of the spread of weapons of mass destruction, conventional threats to peace, environmental dangers, sudden mass movements of populations and international crime.

In closing, as a country bordering both the Atlantic and Pacific oceans, Canada has the opportunity to expand in both directions. I believe the time is right for us to realize our full potential as a partner in the dynamic developments taking place in the Asia-Pacific region and, as I have just outlined, I believe we are well on our way to achieving this goal.

Thank you.

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Statement

95/46

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
64TH ANNUAL COUCHICHING CONFERENCE



ORILLIA, Ontario
August 13, 1995



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This year's Couchiching Conference focusses on Canada and Latin America. Stepping back for a moment, this choice is remarkable and obvious. Remarkable because, until recently, the region has never been central to Canadian foreign policy nor critical to Canada's economic health. Yet obvious because much has changed over the past 10 years. This change requires both recognition and reflection.

Despite certain long-standing business connections, and what we used to call people-to-people contacts, the Canadian experience in Latin America was historically neither deep nor comprehensive.

Both of us had difficulty seeing past the United States. Canada's traditional transatlantic ties continued to beckon even as they were changing, often quite radically. The dynamism of East Asia attracted increasingly focussed attention within our business community, just as immigration flows from Asia were enriching our society. In contrast, Canada's hemispheric vocation was primarily the stuff of after-dinner toasts and, let's be frank, public posturing during episodic government-led safaris or ambassadorial speechifying.

But no longer. Much has changed internationally across a broad front. The sea change in international relations obliges each of us to re-evaluate where we best fit and to recognize what new options are available.

Each of us seeks to grasp the opportunities provided by the greater variety of possible partners and the shifting balances that determine the "why?", the "how?" and the "with whom?" of this new era in international relations.

The political and economic reforms that have swept Latin America have instigated Canada's own reform of our Americas policy. Throughout the 1970s and into the 1980s, Latin American refugees in Canada reinforced the fear that the region was run by dictatorships, torn apart by civil wars, and economically dependent on single crops.

During the last 20 years there has been unpredictable change. One by one the military dictatorships have given up power and economic liberalization and free market reform have been introduced. The growing movement towards participatory democracy and economic liberalization gave Canada the opening that was needed to revitalize our ties with Latin America.

In 1989, our foreign policy review included the then controversial decision to take our seat at the Organization of American States [OAS], which we did in 1990. This decision signalled to the countries of the region that Canada was prepared to engage with them in a way that we had not in the past. Our active participation in the Miami Summit of the Americas in 1994 and the Prime Minister's visit to the region in 1995 reinforced this attitude.

Let me mention some of the critical changes that will continue to have an impact on Canada's view of its role in the Western Hemisphere, and on the Hemisphere's view of Canada.

I claim no originality in identifying the changes – but I do insist that their emergence and concentration in the relatively brief period of the last 10 years is striking and represents a watershed. The changes include:

- The end of the Cold War and, consequently, the greater emphasis placed on economic rather than traditional diplomacy.
- The much deeper and more comprehensive acceptance of the merits of the competitive marketplace for sustaining growth, with several Latin American countries among the leaders making this transition.
- The continuing strength of globalization, driven by international trade, investment and technology flows that have consistently outpaced domestic growth.
- The emergence of a broader range of serious players internationally, including several Asian and Latin American countries.
- And finally, a change in Canada's view of international markets as a result of different growth rates around the world, the relative openness of different regions to Canadian traders and investors, and the radically different regional origins and the resulting human contacts of those who have moved to Canada over the last decade or so.

As the Minister responsible for Canada's trade policy, I am acutely aware of the challenges imposed by such fundamental shifts.

Trade policy is an instrument for improving market access through negotiations and for securing that market access through the codification of liberal practices and negotiated commitments to further liberalization.

But trade policy often plays catch-up to the practices of a marketplace that is integrating on a global scale at a sometimes dizzying pace. Trade policy can and does lead the process, not only by lowering barriers, but also, and most importantly, by establishing the rules that govern access in as open and predictable a manner as possible.

Predictability and fairness do not necessarily flow from international economic practice, just as they do not necessarily

flow from domestic political and social practice, unless underpinned by rules.

It would be an error of historic proportions to view contemporary trade policy simply as a ship drifting somewhat irrelevantly on an ever-expanding sea, carried along by gentle currents. Markets are governed by people, often through millions of transactions, but also through activities subject to the influence of single interest groups and protectionists. Governments are frequently tempted to shift course to create national advantage on the back of someone else. Trade policy's calling is to construct a framework of rules that limits the likelihood of special "fixes" to the detriment of open competition where success should depend on quality, price and timeliness, not on sheer economic power and influence.

In the face of such change and with the importance of rule-making to govern that change, where do a specifically Canadian trade policy and Canada's trade relations with Latin America fit? Canada is a major world trader and is increasingly making its mark as a source of foreign direct investment.

Consequently, we will continue to play a very active role in key policy development and management forums such as the WTO [World Trade Organization], the OECD [Organization for Economic Co-operation and Development] and the periodic meetings of the Quadrilateral trade ministers from the European Union, the United States, Japan and Canada.

Moreover, the successful management of our economic relations with the United States requires creativity, adroitness and a cool head to a degree unparalleled vis-à-vis any other single partner.

An important part of Canada's focus must and will remain at this level. Consequently, the push in 1995-96 to complete the Uruguay Round's unfinished business on trade in services and government procurement, the reform effort on trade remedy law including the use of anti-dumping in the NAFTA [North American Free Trade Agreement] context, the WTO accession negotiations with China and others, and the recent decision by OECD ministers to launch negotiations to establish a Multilateral Agreement on Investment all have a critical contribution to make in pursuit of liberalized trade and the fulfilment of Canada's trade policy agenda.

These institutions, relationships and negotiations collectively represent a critical component of our global trade and investment policy where the level of Canada's "game" must be and is recognizably of the first order.

But interestingly enough, most of the recent headlines and a significant share of the available negotiating resources and

creative energy is correctly focussed elsewhere – on regional initiatives. Driven by the changes in the global environment that I outlined earlier, since the mid 1980s much of the growth in trade has been regionally based. In addition, the dynamism of international trade and investment rule making has flowed as much from regional reform efforts toward the WTO/OECD/Quadrilateral world as it has the reverse.

The most active and constructive players internationally now include a number of countries from Latin America and Asia. For example, trade and investment opportunities are emerging in the Americas that appeared to be pipe-dreams just 10 years ago. Also, several Latin American countries tend to share Canadian views on the management of numerous trade policy issues, including the increasingly important trade and environment file, further reform of agricultural subsidy practices and the necessity of considerably tightening the international disciplines on – if not outright dismantling – anti-dumping law. Further reform in these and other areas will help to enhance and secure our access more broadly, including in the other Quadrilateral markets.

From a results-based point of view, regionalism in practice has, by and large, been neither better than, nor dangerous for multilateralism. It is neither a predestined building block nor an inevitable stumbling block to more globalized liberalization. Despite sometimes well-founded fears about the potential trade-diverting impact of regional trading blocs, in practice regionalism can be and often has been a tool to achieve a positive end: growth and job creation.

The two processes, the multilateral and the regional, have often interacted, sometimes easily, sometimes with a certain creative tension, to improve overall access to markets. For example, the establishment and increasing scope of western European integration is the most ambitious and comprehensive example of the regional process at work.

And despite the byzantine protectionism of the Common Agricultural Policy, overall the challenge of a more dynamic Europe has also encouraged others to deepen international trade and investment integration and rule making.

To take another example, the agenda established at the launch of the Uruguay Round in September 1986 helped to shape the Canada-U.S. Free Trade Agreement [FTA], which in turn had a positive demonstration effect on the Round. This creative tension extended to the North American Free Trade Agreement and ultimately back into the final Uruguay Round package.

Without question, regionalism weighs more importantly today than was the case following the conclusion of the penultimate great

multilateral negotiation – the Tokyo Round – which ended in 1979. The evolving negotiating agenda is now very complex and increasingly expansive. More players everywhere are prepared to engage more substantively than before.

Of course, some newly industrializing economies are pushing harder and more constructively than others, depending on the specifics of the issue in play.

On the other hand, several developing countries are more concretely committed than some industrialized nations to specific trade reforms. The willingness of certain Latin American and Asian countries to push much harder than the European Union for far greater cuts in agricultural subsidies during the Uruguay Round is a case in point.

With an increasing number of issues in play, and more players prepared to engage actively but often at cross-purposes, the multilateral game has become more difficult to sustain without creative regional efforts that seek to go farther faster, thereby goading the global system as a whole into action.

In this regard, three regional initiatives have recently captured much attention: first, transpacific efforts through the Asia-Pacific Economic Co-operation [APEC] forum with its goal of free trade by 2010/2020; second, the re-engineering of post-Cold War transatlantic links in light of concerns raised by Canada and others about drift in that important economic relationship; and third, Western Hemisphere free trade.

There should be no doubt about the importance of these regional initiatives, although they enjoy differing degrees of precision and different senses of timing. They comprise key tracks along which the trading community will pursue better market access through further rule making, whether on a building block, step-by-step basis that remains largely regional, or by folding some or all of these processes into a more comprehensive, global negotiation sooner rather than later – that is, through the launch of a new multilateral trade Round.

There are many good ideas and surprisingly broad interest in seeking further economic integration – from this perspective, we live in interesting times. The real question, nonetheless, is how to move forward toward the concrete negotiations stage. That is, how do we get from here to there? In this regard, the regional initiative that has so far generated the most concrete, albeit still fragile, momentum lies in Canada's immediate backyard: the Western Hemisphere.

This hemisphere took up the free trade gauntlet in December 1994 at the Miami Summit of the Americas.

Leaders declared their commitment to "begin immediately" to construct the Free Trade Area of the Americas [FTAA] by 2005, with "concrete progress... made by the end of this century." The next step was taken at the trade ministers' meeting held in Denver, U.S.A. last June. The Denver Declaration established a preparatory work program explicitly linked to eventual negotiations.

Ministers confirmed that the FTAA should be comprehensive in scope and that the final package would represent a "single undertaking" whereby a participant must accept all the elements of the agreement and not just those it momentarily finds convenient. Colombia will host the next ministerial meeting in March 1996, with a third conference tentatively set for 1997 to review the results of the detailed information exchange and analysis that have now been set in motion.

The next challenge is to build on the positive but still tentative results to date and the subsequent preparatory work. What might provide the required momentum and what are the potential obstacles that might derail the process?

The process launched last June in Denver should help to keep all regional players focussed on the free trade objective. Over the next year and a half, 12 working groups will analyze the substantive detail on issues ranging from tariffs and trade remedy law to intellectual property. A different country will chair each of the groups. The venue of the ministerial meetings will also vary. This is positive. It reinforces the process among the more than 30 countries involved of buying into the 2005 vision.

Nonetheless, participants with the resources to help drive the preparatory activity – and this includes Canada in the first ranks – will have to work hard to ensure that the momentum in the current preparatory phase does not become beached on the twin shoals of technical minutia and the lesser commitment of some hemispheric countries to pursuing vigorously a comprehensive package for 2005.

Moreover, in my view, the currently agreed work program, while necessary to achieve the FTAA, is not likely close to being sufficient to provide the momentum required to achieve an ambitious result.

Consequently, countries that are in a position to negotiate must move forward forcefully over the next two or three years in order to create a concrete free trade dynamic that will capture the attention and imagination of the rest of the hemisphere. From a Canadian perspective, accessions to the NAFTA can most credibly create this desired momentum.

The NAFTA, after all, binds together the most prosperous and dynamic subregional area of the Americas, representing the group most committed to comprehensive economic integration and co-operation.

In this regard, the first order of business is the recently launched negotiations on Chile's accession to the NAFTA, an objective that Canada has strongly supported over the last two years. The new partnership with Chile will bring the obvious improvements in mutual access to our respective markets and will ensure that trade and investment relations are conducted at a higher level of security and openness.

Nonetheless, the seminal importance of the negotiations with Chile is not found in this traditional rationale, regardless of its continuing importance.

More critically, Chile is the test case of the capacity of the NAFTA, through its accession clause, to affirm itself as a dynamically outward-looking instrument with perhaps the central role in achieving hemispheric free trade by 2005. Put another way, if the NAFTA countries and Chile can get the latter's accession right, our credibility with regard to achieving hemispheric free trade is considerably enhanced.

But if we get Chilean accession wrong, if this process is derailed, then the most dynamic force behind the broader 2005 project will be lost, at least over the medium term. The momentum would pass to those promoting a more modest and exclusionary South American free trade area.

On economic grounds, Colombia and Argentina could be prime candidates for NAFTA accession after Chile. They enjoy a solid and sustained macro-economic and exchange-rate track record and have balanced and dynamic export sectors. Their entry into the NAFTA with the full range of NAFTA rights and obligations would represent clear, concrete steps toward strengthening the Agreement, while helping to create the momentum needed to kick-start real FTAA negotiations with others in the hemisphere.

Most ambitiously but most necessarily, we must also begin to focus sharply and honestly on the central relationship that will make or break the broader FTAA initiative — the link that must be constructed between the NAFTA countries and their Mercosur counterparts led by Argentina and Brazil. The countries that form these two groupings comprise the bulk of the hemisphere's production, trade, investment and population.

The Senate Committee on Foreign Affairs recently expressed the concern "that Brazil's intention to create a South American Free Trade Area could lead North and South America to solidify into two separate exclusionary free trade areas. We believe that

Mercosur -- particularly Brazil -- is the key to the creation of a Free Trade Area of the Americas. Brazil commands the largest economy in Latin America -- roughly 11 times that of Chile, for example -- and lies at the centre of the most important hemispheric trading arrangement apart from NAFTA.

"The Committee believes that Canada cannot afford to wait for the creation of the FTAA, but should continue to build stronger bilateral relations with the Mercosur countries, particularly Brazil. In this regard, the Canadian government should build on Canada's long-standing trade and investment links with Brazil, which were reinforced by the Prime Minister's January 1995 visit to Latin America. We believe that, regardless of how brightly or dimly the prospects of a single hemispheric free trade area are viewed, it is important that stronger bilateral ties may encourage Brazilian firms and investors to examine more closely commercial opportunities in the North American market, thereby fostering political support in Brazil for hemispheric free trade."

Those really interested in hemispheric trade liberalization must begin to address more directly several critical questions about the nature of the potential NAFTA relationship with the Mercosur countries, taken either collectively or individually. Are we seeking an early harvest of commitments? Should we work for a high quality result? Should we work to ensure that those who are ready to move forward vigorously, for example through NAFTA accession, are not held back by those who are less committed? The answers that must emerge to these questions will raise the level and relevance of hemispheric debate on free trade.

Of course, free trade doesn't just happen and it certainly doesn't happen over night. It is the product of much hard work and even harder decisions. Much can go wrong as well as right.

Before concluding, I want to point out several storm-warnings that could become serious obstacles unless commitment and creativity are identified and applied.

First, the fact is that the Administration and the Congress in the United States still have not worked out the shape and content of the so-called fast-track negotiating authority that Chile has quite rightly indicated is a prerequisite to concluding the accession negotiation and that is fundamental to underpinning the credibility of the U.S.'s FTAA commitment. Consultations between the Administration and Congress on fast-track are intensifying in Washington, but there is still a distance to go. Failure would represent a serious set-back for U.S. foreign and trade policy in the hemisphere. This is in no one's interest.

Second, with the best will in the world, the negotiation that we hope will lead to Chile's accession to the NAFTA may not be able

to develop a mutually satisfactory deal involving the same overall balance of NAFTA rights and obligations that current members achieved back in 1992. Despite the high quality of Chile's economic management in practice, the NAFTA requires the codification of our trade relations as well as better and more secure access that is clearly demonstrable to our traders and investors. There is nothing preordained about success. Rather, success will require hard commitments as well as creativity at the negotiating table.

Third, we are at the beginning of the hemispheric free trade debate. The degree of commitment remains by and large untested, including that of some of the bigger players in Latin America. The sooner we can push towards a negotiations stage, the sooner we can judge the seriousness of the proposition. The initial signs are reasonably positive, but the real tests lie ahead of us.

One thing, however, is certain. Success will improve market access in the hemisphere for Canadian and Latin American traders and will remove distortions in investment patterns. Success will cement Latin America considerably nearer the centre of Canada's economic diplomacy. And success in the Americas will be noticed elsewhere and, consequently, will help to create trade liberalization momentum across both the Pacific and the Atlantic sooner rather than later. The greater the likelihood of success with hemispheric free trade, the greater the demonstration effect globally. This global impact would represent the ultimate and greatest success of what we have now begun to seek in the Americas.

Thank you.

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Statement

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE
CLOSING PLENARY OF THE ANNUAL MEETING
OF THE CANADIAN BAR ASSOCIATION
"TRADE RULES AND LAWYERS:
REGULATING INTERNATIONAL TRADE CURRENTS"



WINNIPEG, Manitoba
August 23, 1995



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Thomas Jefferson observed that "it is the trade of lawyers to question everything, yield nothing, and to talk by the hour." Although we politicians share some of the same basic training, having been taught to question the status quo and not to yield in debate, you will be relieved to know that I do not intend to talk by the hour. Instead, and drawing on some of the comments I made last month to the Canadian Institute of Advanced Legal Studies at Cambridge, I would like to discuss briefly the remarkable reform in international trade relations that is unfolding before us.

Permit me to state three propositions. First, international trade rules are increasingly replacing power politics. Rules are providing the transparency and predictability so essential to business in a global economy. And you, as lawyers, can appreciate the significance of such a trend: more rules, by necessary implication, mean more interpretation, which in turn means more work for you. Second, the way we enforce these rules is also changing. Governments are now being forced to come to grips with the limits to their sovereign authority to shape domestic policy. This too has implications for the legal profession through the interplay of domestic and international authority. Third, while these two propositions mean that you in the legal community have a special role to play in helping this new rules-based system respond to the needs of global traders and investors, they also mean that you will benefit by this new system as freer trade in legal services comes to pass.

To begin, let's go back a little in time. The 1948 General Agreement on Tariffs and Trade, the GATT, was designed to address high tariffs, discriminatory quotas and other measures employed by Messrs. Smoot, Hawley and their benighted brethren in the U.S. Congress to "beggar thy neighbour" at the border. The GATT's rules did not reach, for the most part, beyond national frontiers and measures directly targeting imports and exports. Rather, they called for the reduction of tariffs and national treatment. They allowed countries to adjust prices at the border in various ways, for example, through temporary surcharges to protect domestic industry from import surges, or through antidumping or countervailing duties. GATT rules served as a transformer, a mechanism for reconciling the trade currents of exporting nations with those of importing nations. This role can be seen in the concept of "nullification and impairment," and the maintenance of a balance of advantages, which is at the root of the GATT dispute settlement procedure. Rather than emphasizing harmonization or addressing domestic policies, they ensured communication and conversion from one national electrical current to another, thereby making economic co-operation that much more efficient, avoiding blowouts and blackouts due to incompatible power grids. But they most emphatically did not reach into the domestic sphere to change the current, in the belief that by regulating what happened at the border alone, trade could be increased. This was not hospitable territory for lawyers but was virtually the exclusive beat of politicians, policy makers and economists.

It must be said, however, that through successive rounds of GATT tariff reduction negotiations since 1947, these rules have proven to be remarkably successful. Although some tariff peaks remain, particularly in the agricultural sector, industrial tariffs in most sectors are now low. And as a result, trade has grown at a rate nearly double that of the growth in production.

But through the 1980s, several things changed. First, trade ministers, ingenious bureaucrats and domestic regulators, who no longer had the tariff at their disposal, devised increasingly disguised non-tariff barriers in their stead. Powerful industries in powerful countries demanded new ways to prevent competing products from crossing the border. And once again, the international community faced the prospect that economic leverage, rather than the rule of law, would govern trade relations.

Second, something fundamental changed in the international trading system. Technological innovations, such as semiconductors, fibre optics and satellite communications, increasingly fuelled the globalization of business by facilitating the globalization of production — one in which firms are increasingly free to assemble inputs from around the world and to service an equally global marketplace. This in turn has accelerated the globalization of investment, as firms learned that the best way to achieve a comparative advantage in production, in sourcing and in technology was to establish a direct presence in foreign markets. Trade has become much more about the movement of components, services and technology within global firms operating in global markets.

Where once foreign investment was seen as a way of substituting for trade — a way of jumping over national barriers — it is now seen by many firms as a necessary precondition for trade, to the point where trade and investment have become virtually indistinguishable. In fact, production by foreign affiliates has now overtaken exports as the primary means for delivery of goods and services to foreign markets.

And third, as the recent automotive dispute between the United States and Japan illustrated, differences in national approaches to trade policy making have become apparent. The differences during the Uruguay Round in the United States, Europe and Japan have been described as the diffusion of power and private sector activism in the United States, the bureaucratic balancing of member-state interests in the European Union and the bureaucratic balancing among several government departments in Japan. Differences in how governments approach regulating competition, the environment, or technical standards, although not necessarily intended to impede trade, may be discriminatory in their effect or provide an unfair advantage not apparent before the retreat of

the tariff. These differences all contribute to "system friction."

These developments over the past decade or so drew together countries of the world in a concerted effort to update the rules, and thereby to check the unilateral exercise of power. The seven-year trade negotiation marathon known as the Uruguay Round of the GATT proved arduous. Issues previously viewed as relating solely to the domestic sphere had been raised to the international level. No longer were countries only concerned about measures imposed at the border. Now, domestic measures affecting competition, for example, were also on the table.

The member countries of the GATT responded admirably to these challenges in the Uruguay Round. The Uruguay Round Agreement demonstrates a qualitatively different and novel role for the institutions it has created and the subagreements it incorporates. This is evident when one compares the new World Trade Organization (WTO) with the limited and passive list of tasks assigned in 1948 to the proposed International Trade Organization and subsequently to the GATT.

Trade lawyers have moved from dealing with a 70-page GATT Agreement to a 560-page World Trade Organization Agreement. Although Sir Winston Churchill once said that "if you have ten thousand regulations, you destroy all respect for the law," our expectations remain high nevertheless. We are calling on the World Trade Organization to resolve far more complex issues. Over the coming months, dispute settlement panels could address such questions as the extent to which a country may regulate internal competition and involve itself in a domestic market. We now accept this as a matter for international scrutiny. The rules of the WTO represent a paradigm shift, a far cry from the transformer and shock absorber of yesterday. Today, the WTO's rules have become a regulator, increasingly dictating the permissible power currents in trade.

These international trade rules, like all forms of regulation, are not static in nature; rather, they foster progress and direct the course it may follow. They provide an orderly means for peaceful, and profitable, change.

Trade rules will also serve as a benchmark — the WTO as regulator must also have a performance meter. Through devices such as the new Trade Policy Review Mechanism, we can observe how far each of us has come and what work remains to be done. We need to measure our performance, just as we measure trade flows themselves.

As governments have increasingly demonstrated their willingness to accept the disciplines of agreed trade rules, so have these rules become more precise, covering more areas of activity. The zone of government action free from international disciplines is

increasingly circumscribed. We have designed an international institution that can regulate these issues, rather than serve more passively as a transformer that merely explains and absorbs the differences between trading partners.

At the recent G-7 Summit in Halifax, leaders of the major industrialized nations confirmed their commitment to implementing the Uruguay Round agreements, to consolidating the WTO as an effective institution, to ensuring a well-functioning and respected dispute settlement mechanism, and to ensuring that participation in regional trade initiatives continues to be a positive force for the multilateral system. As we stand at the Summit's peak, we can survey with some pride the WTO Agreement and all that we have accomplished in various regions lying just behind us. The successful conclusion of the Uruguay Round is surely one of the great achievements of the latter part of the 20th century, crowning almost eight years of negotiations, and signalling the fundamental changes occurring within the international trading system. We are right to regard this achievement with satisfaction.

But this achievement of a flourishing rules-based system brings with it other implications of particular relevance to a body such as the Canadian Bar Association. We are currently witnessing a new, concomitant trend: lawyers are now required in much greater numbers and with greater expertise in order to maintain the rules-based system. This necessarily means more and different work for lawyers in interpreting and applying the rules. During the negotiation of both the NAFTA [North American Free Trade Agreement] and the WTO, lawyers were involved earlier on in the process and more extensively than before. The consultations between government and private sector representatives, formalized as the International Trade Advisory Committee and the Sectoral Advisory Group on International Trade, have an increasingly juridical dimension. Industry representatives now seek legal counsel more often, both at home and abroad, in consulting with government on trade issues. Now, more than ever, there is a role for lawyers in the international trading system.

This burgeoning sector of legal practice is also manifest in a perceptible change in the types of rules we have adopted to govern the international trading system and, more particularly, in the way in which we enforce these rules. This brings me to my second major proposition. The new, far-reaching and prescriptive rules of which I have been speaking have bred new challenges. These rules demand streamlined and effective dispute settlement, to equip us with timely procedures for expeditious and responsive rules enforcement and to prevent all-out trade wars — a sort of essential containment function. This too has implications for the legal community.

As I have noted, until the World Trade Organization came into being, dispute settlement within the GATT, as transformer, was concerned primarily with the maintenance of a balance of reciprocal rights and obligations, rather than illegality or breaches of treaty obligations. This mechanism was a strange and unwieldy beast for trade lawyers, very different from the legal systems in which they had received their initial training. As an illustration, no consensus ever emerged on the nature of a GATT panel ruling – whether it was binding on the parties to the dispute and whether it created legally binding interpretations of GATT rules for future disputes.

Within this difficult framework, there developed additional problems over the years. Delays of up to two years between initial requests for consultations and circulation of a panel report occurred. The quality of panel reports, while generally good, could vary. There were even, on occasion, shortages of qualified, available panelists. Moreover, the adoption of panel reports could be blocked by one of the parties to the dispute if it found it convenient to do so. Even if adopted, implementation of recommendations by the offending party could be delayed.

Now, with the creation of the World Trade Organization, a new era in dispute settlement has dawned. Practical and positive changes are being wrought. The creation of a dispute settlement body to manage all disputes, improved time limits, automatic establishment of panels, the creation of an appellate body and improvements in implementation and compliance procedures all mean that the new World Trade Organization, the regulator, has been given some bite.

The WTO dispute settlement system has been judicialized. Even before the conclusion of the Uruguay Round, the eminent GATT jurist Robert Hudec discerned a trend in the GATT panel decisions toward "bright line substantive rules" and strict construction of these rules. Building on the achievements of the North American Free Trade Agreement, the Uruguay Round recognized the importance of effective institutional arrangements for conducting trade on a non-discriminatory basis. It recognized that the best form of dispute settlement is dispute avoidance. The best way to avoid disputes is to let others know what you are planning to do, to hear the views of others, and to correct small mistakes before they fester and become political issues. Hence the emphasis on transparency. The WTO also points toward more permanence in institutions.

This judicialization is also reflected in the fact that there is an increasing role for domestic authorities, and consequently domestic practitioners, in the enforcement of trade rules. With more and more areas of domestic economic regulation now disciplined to some extent by international rules, so too more and more provisions of domestic statutes have their genesis in an

international treaty. Domestic and international rules and rule makers must work together, must learn from each other and reap the benefits of trade. As a concrete example, both the NAFTA and the WTO set out a range of enforcement procedures to be implemented domestically: bid challenge review procedures for procurement, civil remedies for trade-related intellectual property matters, and procedural requirements for the conduct of trade remedy proceedings, to name just a few. Domestic forums are, in effect, being asked to act as agents to enforce the international rules.

As Canadians, we are particularly well placed to assist in the construction of this new rules-based architecture. We have always been committed to the overarching ideal of the rule of law, both within and among nations. And, as a small country, open to the world through the tremendous percentage of our economy given over to trade, we are quite comfortable with interdependence and international regulation and have already taken steps toward strengthening the rule of international trade law. As an example, within the NAFTA, Canada participates in an investor-state dispute settlement mechanism, under which a foreign investor may invoke international arbitration directly against its host government to enforce the rules of the treaty. Final awards in such matters are given direct application in domestic law. The pending negotiations concerning the OECD's proposed Multilateral Agreement on Investment may well draw on this example, providing as it does a powerful counterweight to special-interest lobbying by obviating the need for companies to politicize disputes.

As they unfold, the judicialization of dispute settlement and the growing interplay between the domestic and the international must have a significant impact on your daily lives as legal professionals. New opportunities will arise in the practice of law. But there is also a professional responsibility to stay current with international legal developments. If the statute that you interpret or apply flows from international considerations or has international consequences, you must be aware of this international dimension. If enforcement of global trade rules in part takes place at the domestic level and is not limited to the government-to-government arena, your advice must include continuing analysis of these rules. If domestic courts and tribunals are becoming local agents for the enforcement of international rules, then the relationship between domestic law and international law must be recognized explicitly. The practice of law is thus at the epicentre of a developing rule of international trade law.

Governments are not leading the charge; we are simply trying to keep up with global trade patterns. We cannot achieve this without trade rules to back us. We need the rule of law, as

embodied in the WTO, to serve as regulator and transformer all at once.

Take the area of trade remedies. Under both the Canada-U.S. Free Trade Agreement and later the NAFTA, we created a unique system for binational panels to carry out judicial review of domestic antidumping and countervailing duty determinations. Although only an interim solution to the problem of harassment by special interests that has no permanent place in a free trade area, this system has worked remarkably well. Over 50 cases have been heard, decisions have been well reasoned and of a uniformly high quality, and the decisions have been implemented by domestic authorities in the majority of cases without criticism or complaint. But now, the same special interests in the United States that used and abused trade remedy laws before are claiming that international judicial review raises constitutional problems.

The recent automotive dispute between the United States and Japan is again instructive. Faced with a range of domestic regulations that prohibited foreign firms from selling into the Japanese automotive market, the United States' knee-jerk reaction was to threaten unilaterally to impose sanctions first, and only later to accept begrudgingly that the WTO dispute settlement procedures might provide an avenue for achieving greater market access — for enforcing the rules.

The knot of the problem is the question of sovereignty and national prerogatives. Canada's implementing legislation for the WTO Agreement involves amendments to no less than 29 federal statutes, on matters ranging from banking licences to entry visas for business people, and from trademarks, copyrights and patents to pest control products. The result is an ever-increasing interplay between domestic and international rules. As another noted GATT scholar, John Jackson, has observed, this necessarily affects the decisions policy leaders make about when and how to intervene in their national economies.

To the south of the 49th parallel, some are cringing at the expanded reach of the rules of the NAFTA and the WTO. For example, Senator Dole has proposed a WTO Dispute Settlement Review Commission, with a mandate to review whether WTO panel decisions should be accepted by the United States. Americans seem to be contemplating the establishment of their own transformer, to shield themselves from WTO currents should they become — some in the U.S. Congress have already characterized them as — "tyrannical and abusive." And I have already mentioned that arguments have been raised that query the constitutionality of giving antidumping and countervailing duty panel decisions binding effect in U.S. domestic law. Although the United States can rightfully claim to be a staunch defender of the international rule of law through such central institutions as

the International Court of Justice and other United Nations bodies, there are those in the United States who appear unwilling to accept such an international rule of law for international trade. Section 301 still looms large on the horizon, despite the panoply of international rules now at the disposal of the United States.

The new rules will become useless pronouncements without the backing of the proper incentives and mechanisms to ensure their enforcement. As we witness the growth pains of a new and more muscular institution, we must nourish it by making strengthened dispute settlement a high priority. Indeed, the credibility of the WTO will hang on the success of its dispute settlement mechanism.

Someday in the not-too-distant future, we may have to consider whether the WTO dispute settlement system, even with all the improvements over the GATT regime that preceded it, is up to the task of guaranteeing respect for the rule of international trade law. In Europe, the architects of what has become the European Union recognized that significant economic integration had to be accompanied by a system through which rules could be enforced effectively. And they concluded that only by creating a European Court of Justice with supranational authority, and by giving its rulings direct effect in the domestic law of its member states, could respect for an open trade and investment environment be assured.

The legal community is particularly well suited to address these considerations and is therefore poised to occupy a unique and important place in the new international trading system. You will accordingly play an increasingly central role, not only in helping to write and to enforce the rules, but also in thinking strategically about where we are headed and keeping pace with developments as they unfold. New issues, including trade and environment, trade and competition, employment and labour standards, will increasingly require our attention, whether in the World Trade Organization, within the various regional groupings or within each member state.

But the role to be played by the legal community should not stop there. Lawyers should not be confined to a policing role with respect to the plethora of new rules in international trade — they should also benefit as new opportunities arise and new dimensions to their practice open up to them. The time has come for lawyers to catch the wave and to start exporting their services, alongside the goods and services offered by their clients. Freer trade in legal services should now be coming into full view.

For example, Canadian lawyers will soon be able to offer their clients a full range of international services in both the United

States and Mexico as Foreign Legal Consultants (FLCs). Under the aegis of an annex to the services chapter of the NAFTA, a trilateral Committee on Foreign Legal Consultants is close to reaching an agreement on a proposed framework for rules to govern FLCs. At the invitation of the Canadian delegation, ably led by the Federation of Law Societies of Canada, and with the active participation of a representative of the Canadian Bar Association, the Committee will next be meeting in Vancouver in the early fall to review draft joint recommendations. This surely heralds a new era in legal services. The legal profession has traditionally been a jurisdiction-specific profession, more so than others. However, with the birth of what we now know as the European Union with its revolutionary rules on professional mobility and the advent of the Canadian Charter of Rights and Freedoms, the borders between jurisdictions have gradually been eroded. Now the NAFTA Committee has taken this an essential step further: when the governments receive and implement the Committee's recommendations, Canadian lawyers will be able to go to Mexico City, for example, and, under their own firm name, or in association with Mexican lawyers or firms, provide legal services and advice with respect to Canadian law and international law, and the law of any other jurisdiction in which they are competent to practise. It is to the credit of the professional bodies involved that they have seized the opportunities offered by the NAFTA to put forward their recommendations.

In this context, you in the legal community should consider Canadian legal expertise as you would any one of the many excellent services that Canada exports. The CBA has already begun to do so. I salute its efforts and urge others to follow suit. In a series of ambitious projects, the CBA has undertaken to bring the Canadian legal experience to countries with a nascent independent bar. Thus, in Eastern Europe, in China and in South Africa, Canadian lawyers are providing guidance on continuing legal education and the establishment of governing bodies. As an example, since 1990, the CBA has provided legal internships in Canada for 75 lawyers and delivered in-country professional development seminars to 1400 participants in Eastern Europe alone. In collaboration with the National Judicial Institute and the Canadian Council of Judges, it also organized the training for the new Canadian Judges' Program and internships in Canada for 10 judges from the Czech Republic and Slovakia, following which Canadian judges conducted an evaluation of the court system in both countries. Now, focussing to a greater extent on the institutional aspects of legal practice, the CBA is launching a twinning project between bar associations in the Czech Republic, Hungary, Poland and Slovakia, and the law societies of Ontario, Nova Scotia, Quebec and Alberta. I understand that attendance at the CBA Annual Meeting was part of the agenda for the eight bar association representatives. To those involved in this initiative, I say that you are at the

vanguard of a tremendous initiative. Well-developed legal systems and institutional structures based on the rule of law are fundamental to the stability of democratic societies, and Canadian lawyers and judges and professional associations are ready to provide the relevant expertise. I wish you every success.

Canadian law firms have also been hired by countries such as Russia, Kazakhstan and Ukraine to advise on legal reform in areas ranging from constitutional law to insolvency law. This growing trend toward legal technical assistance is not unique to Canada - international financial institutions, most notably the World Bank, are also co-ordinating funding of legal expertise. My own department, for its part, is actively engaged in promoting services exports in general, and legal services exports in particular. These present invaluable opportunities for professional development and expansion that should not be ignored.

These are exciting times for the legal profession. The CBA's initiatives are giving Canadian lawyers new perspectives and opportunities, and we in government can only benefit from the insights you gain in the process. An ongoing dialogue among the legal community, business and government is essential to the development of an intelligent response to economic trends. I, for my part, shall try to ensure that our lines of communication remain open.

Thank you.

Statement

95/48

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE SHEILA FINESTONE,
SECRETARY OF STATE
(STATUS OF WOMEN AND MULTICULTURALISM),
AT THE FOURTH WORLD CONFERENCE ON WOMEN



BEIJING, China
September 6, 1995



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Madam President, Madam Secretary-General, honourable ministers, distinguished delegates:

It is my great privilege to be here today, representing Canada at this historic event.

Fifty years ago, at the founding of this organization, the nations of the world adopted a Charter affirming the equal rights of women and men. With this commitment, the United Nations pledged to end centuries of discrimination against women.

The 1995 United Nations Human Development Report calls the long walk toward our equality "the defining movement of the 20th Century."

Twenty years ago, at the United Nations' first World Conference on Women, an international effort was launched to fulfil the UN Charter commitment – the attainment of a global "culture of equality." Yet, in 1995 there is no country where women are completely equal – not in pay, nor in status, nor in opportunity or power.

And that, Madam President, is why we are here – to claim our equal rights.

The task ahead is both difficult and daunting. We have committed ourselves to adopting a global Platform for Action accelerating progress on equality for women worldwide.

There have been predictions that we may fail in our task. That differing perspectives over the rightful place of women in society will divide us. That a backlash against equality will hinder our ability to move forward, or to hold on to past gains. This must not happen. We must not fail.

In Canada, there was a time when the idea that women should vote was considered unthinkable. When the notion that women should attend university was unacceptable. When the possibility of a woman becoming a doctor or a judge was beyond reach.

Today almost no one would question the right of women to vote, pursue higher education, become a doctor or a judge. For now we know that equality benefits not only women, but all of society.

In Canada, as around the world, women have been a driving force in transforming the lives of women. Women have placed a high priority on this World Conference as an important milestone on the road to equality.

Three years ago, Canada embarked on its preparations for this conference. We did so in the spirit of inclusiveness and collaboration with women's organizations and the many sectors in Canadian society – human rights groups, academics, labour – who are partners in the movement toward equality. We provided

support to facilitate consultation and exchange of information among women's organizations. We established mechanisms to assist us in setting priorities and in addressing our areas of critical concern.

For while we are proud of our record on women's equality, we recognize there is still much to do.

As part of our contribution to this World Conference, the Government of Canada recently adopted a Plan for Gender Equality. The Plan acknowledges that discrimination against women has a cost. It sets out concrete measures aimed at eliminating gender discrimination. One of the key elements of the Plan is a gender-based approach to government policy development. This means that we will ensure that future legislation and policies include an analysis of the potential for different impacts on women and men.

Canadian Priorities

Madam President, let me set out Canada's priorities for the Platform for Action.

We must respect women's rights as human rights. They are the very foundation of this Platform. We must reaffirm the principle that the human rights of women and girls are a universal, inalienable, integral and indivisible part of human rights as adopted at the 1993 Vienna Conference on Human Rights. Human rights are not a boutique to which you can go to pick and choose.

In my country, women's rights were enshrined in the *Charter of Rights and Freedoms* 10 years ago.

In every nation around the world, women face violence on the streets and, more often, within their own homes. In Canada, we have fought for the recognition that violence against women and girls is a violation of their human rights. We have taken action – strengthened laws, undertaken public education campaigns, built shelters. We have conducted the world's first national survey on violence against women.

Two years ago, the General Assembly adopted a Canadian-initiated Declaration on the Elimination of Violence Against Women. We must ensure that the Platform includes strong measures to implement and build on the Declaration.

We must empower women and expand their choices. We must respect and value the diversity of women. We must recognize that some women face additional barriers to equality because of their race, ethnicity, religion or sexual orientation. Because they are refugees, migrant or displaced women, because of their age,

disability, family or socio-economic status, or because they are indigenous women.

Madam President, Canada has worked to ensure that the Platform for Action is based on an understanding that social and economic policies go hand in hand. This Platform must respond to the face of poverty that is increasingly female – a dire reflection of persistent economic inequality.

Worldwide, women's autonomy and control over economic resources are essential to their own and their families' survival – it is especially critical for their children.

Worldwide, we need protection of women's rights as workers and the promotion of equality in education, training, employment and other forms of work. We need policies that enable women to earn their livelihoods on an equal basis with men and to fulfil their family responsibilities.

We need better understanding of the relationship between paid work and the unpaid work that sustains our families, our institutions, our societies and economies.

We need to pay more attention to the impact of socio-economic factors on women's health. These include economic policies and structural adjustments.

Canada is committed to the agreements reached on women's reproductive health and rights at the International Conference on Population and Development. We will work to ensure that they are reaffirmed in the Platform for Action. Nothing less.

Women in Canada and around the world are deeply concerned about peace and security issues. The Platform must set out measures to enhance women's important role in peace and conflict resolution. War is not just a peace and security issue. It is a health issue.

Women and children often suffer disproportionately in situations of armed conflict. We must recognize and address this fact. Canada has introduced wording to the Platform related to rape as a war crime and a crime against humanity.

In our own country, we have adopted guidelines for establishing gender-based persecution as eligible grounds for women seeking refugee status. We have worked to reach agreement in the Platform on the recognition of sexual violence and other gender-related persecution as grounds for consideration for refugee status.

Consolidation of Gains

At recent world conferences and summits we, the member states of the United Nations, have made significant commitments affecting the lives of girls and women. We must reaffirm these commitments here in Beijing. We must act upon them.

Madam President, over the past 50 years Canada has been a firm and committed supporter of the United Nations. We shall continue to do so. Today, we are here to support the UN in its quest for a global plan for women's equality.

I am here to pledge Canada's unflagging commitment to work toward this goal in a spirit of co-operation and goodwill with all nations.

Thank you, Madam President.

Statement

95/49

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE NEW ENGLAND-CANADA BUSINESS COUNCIL



BOSTON, Massachusetts
September 8, 1995



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Normally, a Canadian trade minister would begin by describing the historic relationship between Canada and the United States – the world's longest undefended border, the largest bilateral trade relationship, etc., etc.: the usual warmed-over clichés.

I neither need nor want to do that, for three reasons: first, you know that our bilateral relationship is much more complex than can be embraced in a few clichés; second, I want you to remain awake; and third, there are much more important things to talk about.

I shall spend a moment, however, to mention the warm, ongoing relationship that Boston has with Canada – especially with our Atlantic region and with Quebec.

Boston has for so long had close ties with Canada that in Atlantic Canada, New England is still known as the "Boston States." It is a region that is vital to the health of the Atlantic Canadian economy. Everything from gypsum to microchips is traded between us, and our banks and insurance companies feel very much at home.

New England represents an important market for Quebec. Quebec's exports to New England amounted to almost US\$4.4 billion in 1994, covering a spectrum from telecommunications equipment to electricity.

Quebec is also an important export market for New England, representing US\$1.3 billion in 1994 in everything from semi-conductors to aircraft engines.

Nationally, New England is a growing market: in 1994, Canada increased its exports to New England by 13 per cent to US\$6.6 billion – three times the value of our total exports to "Old England" – and further increased our investment. Meanwhile, you increased your exports to Canada by a similar rate to US\$4.4 billion, or more than US\$1 billion above your exports to Spain.

Canadians and New Englanders share more than a trading relationship. Much of Atlantic Canada is populated with descendants of those Americans who emigrated northward at the time of your revolution.

A century later, hundreds of thousands of French Canadians came south to work in your factories and mills. The largest exodus of its kind in Canadian history, it endowed New England with its Franco-American culture. And the close proximity of Franco-Americans to Quebec has resulted in the recent flourishing of French-speaking culture in northern New England states. It has also stimulated our mutual interest for doing business with one another, as demonstrated by the numerous trade and investment missions in both directions.

Our proximity to one another has often been to our mutual benefit. In 1778, the arrival of Benjamin Franklin in Montreal led to the establishment of Canada's earliest English-language newspaper, the *Montreal Gazette*. In the other direction, a young professor, James Naismith, came to Massachusetts from Montreal at the turn of the century and invented the game of basketball.

Within this coming and going between us, it is not surprising that a philosophy of openness to trade has developed. Just as Boston looks out to sea, your perspective has considerably been an international one. Despite the familiar siren song of isolationism that has been sung by many in the past, internationalism has always had a secure home in Boston and New England.

However, there is a notion gaining credibility in some quarters that 1994 was the year for international trade and that it is now time to move on to other issues. Yes, 1994 was a year for great accomplishments in trade liberalization: the conclusion of the Uruguay Round, the creation of the World Trade Organization [WTO] and the North American Free Trade Agreement [NAFTA], the initiatives to create free trade throughout the Western Hemisphere and across the Pacific to Asia.

In contrast, some seem to see this year as the time for concentration upon domestic priorities. In the United States these include the "Contract With America," balancing the budget, positioning domestic economic policy for next year's presidential election.

By some, trade seems to be thought of as "last year's issue." Trade, however, can never be "last year's issue" or "yesterday's issue." There are few more important "domestic" issues than the creation of jobs — and trade creates jobs.

International trade can never be pushed off the national agenda. Your competitors and ours never rest; neither should you or we. Government and business must continue to work together to respect and strengthen the trade and investment rules that form the basis of our continued prosperity.

In the unlikely event that anyone here today is sceptical about the benefits of global trade and investment, look back 50 years to the end of the Second World War. From a system that had bred chaos and strife, poverty and despair, we have emerged with an orderly series of interlocking and overlapping agreements that govern world trade. We have expanded our economies countless times.

The GATT [General Agreement on Tariffs and Trade] was the basis for the modern trading system. Back in 1947, the United States and Canada joined other like-minded countries in designing the

GATT, with a mandate to create a fair, open, rules-based system. The benefits of the GATT are impressive: since its creation, the gross domestic product of the United States has increased from US\$2 billion to US\$6 trillion in constant dollars. Meanwhile, the world economy has grown more than 20 times from what it was less than 50 years ago.

Growth in international trade has increased world economic growth by expanding the markets of domestic producers and providing consumers with competitively priced goods and services.

At the same time, growth in United States value of trade was enormous. Today, trade is a central driving force of the U.S. economy. According to U.S. government estimates, the value of trade equalled 13 per cent of the U.S. GDP in 1970. That figure could exceed 30 per cent in 1995.

As world trade has evolved, so have the trading rules. The new World Trade Organization expands greatly the scope of the GATT to provide disciplines in new areas such as trade in services and in intellectual property. As well, substantial gains were made in traditional areas.

For example, we have cut tariffs on average by one third. We have agreed on a phase-out of the restrictions governing trade in textiles. Of particular importance to both Canada and the United States is that, for the first time, there are meaningful rules to deal with agriculture. We have also strengthened the multilateral trading system, through the creation of an effective and credible dispute settlement system in the World Trade Organization.

On the bilateral side, a few years ago the United States and Canada decided that there was a need to deepen our relationship. This led to the negotiation of our free trade agreement.

We then brought Mexico into the NAFTA, where the rules governing our bilateral relationship were further strengthened. We have established more than 20 other NAFTA working groups and committees to resolve issues of mutual concern, everything from the mutual recognition of standards to government procurement. The three countries are now engaged in negotiations with Chile on its early accession to NAFTA.

Yet despite the remarkable stride of the last decade, recent events underscore that there is an important trade agenda that remains unresolved. The recent U.S./Japan auto dispute may have been good domestic politics, but it risked undermining the still fragile rules-based trading system we have all worked so hard to create.

The U.S. decision to pull back at the last minute from the financial services negotiations in the new World Trade Organization may have won support from those who believe that other countries had not opened their market sufficiently; but it raises even larger questions about the continued commitment of the United States to the principle of multilateralism.

Finally, while the U.S. has taken the lead in calling for a free trade agreement of the Americas, it remains uncertain whether Congress will grant the Administration new fast-track authority to make this vision a reality.

We all agree that our first priority is to build a strong and effective multilateral trading system, but we are not there yet. What is required is much more than rhetoric about the virtues of freer trade. We need the commitment of governments to renounce measures that are inconsistent with trade rules. We need a commitment to rely on dispute settlement procedures – rather than retaliation – when negotiated solutions prove impossible. Most important, we need to marshall the political will to move the agenda forward, to tackle the new issues, to deepen and strengthen the overall system.

Serious market barriers and discriminatory restrictions continue to exist – and this is not limited to certain countries. Growing trade friction is not a sign that we have taken liberalization and integration too far, but rather that we have not gone far enough. The status quo is unacceptable – it is also unsustainable. I ask myself why these issues were not addressed in the Uruguay Round. The answer may be that the Uruguay Round addressed 1982 issues and that we now need to tackle 1995 issues through negotiation.

The alternative is a stark one: will major disputes between significant trading partners be conducted as "the moral equivalent of war"? Or will we continue to build a multilateral system which takes as its underlying premise that we are fundamentally interdependent, that freer trade ultimately benefits us all?

The new World Trade Organization is still a fragile organization; like a child at infancy, it is just learning to crawl. And yet, evidence that it will soon be walking and running can be found in the countries that are clamouring to join.

The next great chapter in the history of the world trading system may well be written by those countries now seeking to join. Countries not now part of the world trading system, such as Russia and China, recognize the disadvantages of being outside the club.

Broadening participation means more than just joining the club. In the Uruguay Round negotiations, developing countries were drawn more into the global system by assuming greater obligations. For all members of the WTO, it is an all-or-nothing deal. When you sign your membership card, you can't expect to get any special privileges. The rules apply to everyone equally. There are no "free riders."

It is clearly to the advantage of business to have your trading partners inside, rather than outside, the system. Look at the problems that the United States had with China over intellectual property rights. By accepting the primacy of the WTO rules, all member countries will have to follow appropriate trading practices.

As business people, you can understand the need to avoid "standing pat." The risk of not progressing toward greater trade liberalization would be economic stagnancy – a risk neither you nor we can afford.

Driven by the demands of business people around the world and perhaps inspired by the success of the European Union and NAFTA, new trade groupings are beginning to crop up everywhere. You and we are party to many of them.

Across the Pacific, we share a common interest in ensuring that the Asia-Pacific Economic Co-operation forum furthers our goals of trade liberalization. We both have strong economic interests in revitalizing our links with Europe, perhaps through negotiation of a TransAtlantic Free Trade Agreement. I have already mentioned our common commitment to free trade in the Americas.

Closer to home, Canada and the United States have had a long history of co-operation both at government and business levels. We share common goals and perspectives on many issues. Together, we have already made huge strides in pursuing trade and investment liberalization. We have accomplished much, but there is more to do.

We must change the way we resolve the problems between us. Old-style trade remedies like anti-dumping and countervailing duties do not make sense in a free trade area, as the New Zealanders and Australians have found in their free trade area. The use of anti-dumping regimes is outmoded in any free trade zone.

Most producers view North America as a single, integrated market, in which products can cross borders several times in various states of completion. Unfortunately, as a result of these anti-dumping laws, what is considered usual business practice in selling Boston-made products in Portland, Maine, is no longer the case when these goods are sold in Halifax, Nova Scotia. This

reduces the gains from NAFTA and results in the competitiveness of North American producers being harmed not only in the domestic market, but globally.

Having created a North American market, our governments need to allow businesses to reap its full benefits. If we continue to maintain outmoded practices, we are both forced into conflict, creating delays and inefficiencies that are mutually unprofitable and counterproductive.

Resolving these anomalies must remain the central priority. We have established trade remedy working groups with a mandate to outline possible solutions by the end of this year. We are engaged in more specific discussions with the United States over cross-border trade in grain, steel and lumber to see if tensions might also be defused on a sectoral level.

And more ambitiously, we are studying seriously how a more coordinated, continental competition regime might eventually supersede increasingly outdated national trade laws.

None of these solutions will be found overnight — indeed it is a moot point whether the unfinished business of trade agreements is ever really "finished." Such agreements by their very nature are living, dynamic entities which must continually keep pace with underlying economic change or risk obsolescence.

Nor is it clear that all the answers will be found at the regional level alone. As with so many other facets of international economic policy, we are coming to realize that many of the solutions to globalization must by definition be global in scope. All of which is to say that Canada remains committed to achieving concrete results regardless of the tools or the fora.

On a bilateral level, we can point to achievements such as the "Open Skies" regime for air travel between our countries and increased border co-operation. These successes give additional substance to the notion of an open trading relationship.

Although the pursuit of regional trade agreements might seem contradictory to an orderly expansion of the World Trade Organization, nothing could be farther from the truth.

Just as it is much more effective to deal on a "one-to-one" basis with a supplier who speaks your language or comes from your own town, it is simpler to work out a trade agreement along already established cultural or geographic lines than with 100 or more trading partners.

Such trade agreements can serve as signposts for the multilateral trading system, setting the sights for what can subsequently be achieved on a global basis. By the same token, the relationship

of regional agreements to multilateral negotiations has not been a one-way street: for example, the NAFTA negotiators had the benefit of the WTO texts on intellectual property when they drafted the NAFTA intellectual property provisions.

As long as they operate within the principles of the World Trade Organization, these regional trading groups will go a long way to establishing orderly trade relationships and creating exciting trade opportunities within the global economy. A recent WTO study rightly concluded that "regional and multilateral integration initiatives are complements rather than alternatives in the pursuit of open trade."

The evolution of the various trade negotiations that I have just now mentioned has direct consequences on you and your business. The outcome of these talks will define the rules of the game between you and your competitors — whether across the block, across the continent or around the globe. These negotiations are intended to ensure that you are not hampered by unreasonable barriers.

But business people cannot afford to be complacent. There are still threats that could undermine the accomplishments of trade liberalization. There are voices arguing against engagement in the NAFTA and the WTO.

These are many of the same voices we have heard before, fighting against these agreements. It is natural that in the rough-and-tumble of domestic politics, louder, more discordant voices may be heard above those of reason. At the end of the day, however, reason must prevail.

I am encouraged by the past determination of U.S. businesses to convince the Administration and Congress to take the next steps and to agree to these new rules. After all, industry derives benefits from a stable system that creates predictability and allows reasoned management of disputes.

There is still much that you can do now to weigh in on the side of a more effective, rules-based trading system. You can convey to key decision makers the importance of agreeing on mutually acceptable "fast track" legislation; of moving forward on outstanding WTO issues, such as the negotiation on basic telecommunications; of making progress in the NAFTA trade remedies working group; of saying no to those who would legislate increased protectionism, in whatever form.

But most of all, you who support the international trading system must prove its merits to those who believe that the national interests of the United States are best served through protectionism.

I began by noting the enthusiasm in Canada for Boston as an international city.

It is interesting to note that one of your most prominent citizens was the son of a high-profile isolationist, a leader in the "America First" movement that preceded the entry of the United States into the Second World War.

And yet, in the years following the war, it was this man, John F. Kennedy, who issued a challenge to the world to expand the rules of trade, and who lent his name to the "Kennedy Round" of the GATT.

It was no coincidence that a man from Boston led the United States to embracing internationalism in trade. Three decades later, we are counting on you, the Bostonians of another generation, to continue to press for engagement and acceptance of the values that more open trading regimes will bring. You were never spectators before; there is too much at stake to be anything but key players again, this time around.

There can be enormous rewards if we succeed: a vibrant North American economy, job growth, and expanded international trade. On the other hand, as you in business know, there is no reward for failure.

Thank you.

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Statement

95/50

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE INTERNATIONAL FRANCOPHONE MEETING
ON CONFLICT PREVENTION: AFRICAN PERSPECTIVE



OTTAWA, Ontario
September 20, 1995



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Ministers,
Ambassadors,
Mr. Chairman of the Permanent Committee of la Francophonie,
Mr. Secretary-General of the ACCT,
Distinguished guests,
Dear friends:

Welcome to Canada. I see some familiar faces in the room, colleagues that I had the honour of meeting in Ouagadougou in December and at other meetings here or elsewhere. I am also meeting some of you for the first time. I hope that your stay will allow us to get to know one another well. I know that we will all benefit from the atmosphere of honesty and friendship that characterizes meetings of la Francophonie and that the result will be productive discussions.

Unlike other regional and international organizations, la Francophonie has not yet had to play a leading role in conflict prevention and resolution. As I said at the last Ministerial Conference in Ouagadougou, however, the recent events that have shaken some Francophone countries concern and directly affect us all. I said then that la Francophonie was summoned to take action as far as its means would allow. I still believe this to be the case. This observation prompted Canada to propose that a meeting be held in Ottawa to consider establishing a conflict prevention process within la Francophonie. I am happy to see that la Francophonie has answered the call.

We are joined by representatives of the United Nations [UN] and the Organization of African Unity [OAU], as well as ambassadors of Commonwealth countries. Their presence underscores the critical nature of our discussions and clearly highlights the importance of conflict prevention in Africa.

Our meeting is innovative and seeks to achieve ambitious objectives. On the one hand, it is the first Francophone meeting of this nature and thus confirms the desire of Francophone countries to move in this direction. On the other hand, we regard the conference as part of the preparatory process that will lead us to the Cotonou Summit, where I feel that security issues will have an important place.

Allow me to take this opportunity to share a few thoughts on the very timely topic that you have started to discuss this morning.

For 45 years, the security of nations was threatened by the other side, the enemy, whose very existence challenged our territorial integrity, our way of life, our political system and our national values. Divided into two ideological camps and obsessed with the danger of atomic war, many nations ignored their own deep, internal social, political and economic divisions and their consequences for too long. Since 1945, more than a hundred conflicts have resulted in the deaths of 20 million people. The fear of nuclear holocaust meant peace for only a few.

With the break-up of the Soviet Union and the rejection of Communism, many saw the dawn of a new era in which the demands of national security would give way to economic and social security and to democratic progress. The most optimistic spoke categorically of the end of History. Others spoke, too hastily, of a new world order. The tragic events in Somalia, Rwanda and the former Yugoslavia have shown us a more painful reality.

The new international environment is reminiscent of the bloodbaths of what we thought were bygone eras. Despite the similarities, the basic facts of the current situation have radically changed. Allow me to outline the most important of these facts, which affect all of our countries:

- 1) The end of bipolarity has transformed the nature of power in international relations. The number of stakeholders has increased and military force has lost its significance in favour of economic strength.
- 2) Technology and communications have speeded up economic globalization and increased the pace of deregulation. Until recently, economic policy was exclusively a matter of national jurisdiction. It must now be considered in conjunction with a range of external factors.
- 3) Thus, problems that transcend national boundaries are erasing the dividing line between domestic and foreign policy.
- 4) Problems formerly identified with the effects of war, such as mass migration and environmental destruction, to name only two, have become factors of instability and conflict.

The power of emerging nations now stems from the vitality of their economy, the influence of their culture and values, and the commitment of all stakeholders in civil society to the conduct of public affairs. To develop this participation, it seems to me that nations must promote national unity based on equality for all and respect for political, economic and cultural diversity.

The enemy that threatens us is no longer the other side. The enemy lies within. In my opening remarks, I talked about the new situation with regard to international peace and security. Human security is clearly the very foundation of real peace. Peace and security now depend on the ability of nations to promote the economic and social development of all citizens, both women and men, with respect for differences and for the environment. Factors such as soil depletion, deforestation, and desertification have been left out of the security equation for too long. They now dramatically remind us that we are threatened by far more than flags and firearms.

The economic slowdown of recent years has hit developing countries hard, especially in Africa. The continent's collective wealth has decreased, leaving each nation and each individual in a more tenuous situation. Unless we are willing to manage the allocation of national wealth closely, the scarcity of resources and the disparities will lead to the breakup of nations, population shifts and inevitable friction between nations and ethnic groups.

To be successful, governments must also recognize the fundamental role of women in economic and social development. Women continue to feed large populations, to convey the cultural values of peace and solidarity, to rebuild their countries at the grass-roots level. Without the participation of women in the political and economic decision-making process, countries deprive themselves of an indispensable resource.

Encouraged by the commitment made in Cairo in June 1993 by the Heads of State and Government of the Organization of African Unity as well as by the action taken by the OAU in Burundi and by certain regional organizations, as in Lesotho, Canada is now actively involved in a dialogue with the OAU Secretariat to develop avenues of co-operation to help achieve the objectives of the conflict prevention, management and resolution mechanism. Canada encourages the OAU to promote complementarity with the African regional organizations, the UN, la Francophonie and the Commonwealth. Today's conference will help pave the way toward implementing this co-operation.

La Francophonie cannot remain silent in the face of the challenges that ongoing and potential conflicts are posing to regional and international security. There is reason to suggest that la Francophonie, in support of the OAU mechanism, should adopt institutional means of playing a preventive and mediatorial role. Of course, we already have programs for the promotion of democratic institutions. But these programs are no longer adequate. It is imperative that member states of la Francophonie make use of the tools available to them by working in concert with the ACCT [Agency for Cultural and Technical Co-operation], the OAU and the UN to devise courses of action to respond to the new realities. When conflicts break out or are on the verge of degenerating into violent confrontations, someone must act quickly.

The power to act is nothing without the will to act. Rwanda and now Burundi afford proof that the weakness of preventive diplomacy lies not in a lack of ways to identify conflict situations, but in the international community's inability to decide how best to prevent and contain conflicts. In order to play a part equal to its means, la Francophonie needs a mechanism whereby it can make the necessary decisions to contribute toward the efforts of the UN, the OAU and regional organizations.

Let me now summarize:

First, today's and tomorrow's discussions must continue in each of our capitals and culminate in Cotonou in a solemn declaration by la Francophonie on conflict prevention and preventive diplomacy.

Second, I wonder whether we shouldn't think of setting up a select ministerial committee in Cotonou to support the initiatives in this area and provide the necessary political impetus.

Third, at the level of preventive diplomacy, la Francophonie should make greater use of its parliamentarians; they can play an invaluable role of mediation and observation, as was the case in Burundi. I would like to see an active role for the AIPLF [International Association of French-Speaking Parliamentarians] strongly encouraged and recognized;

Fourth, to add an element of flexibility, mobility and rapidity to the actions of the select ministerial committee and to give more substance to the Francophone instruments already available to us, including the AIPLF, we should perhaps contemplate establishing within la Francophonie what for the time being I will call a "facility for peace."

Fifth, given the crucial importance of respect for human rights and fundamental freedoms in conflict prevention, I feel that where they do not exist or are functioning less than optimally, we should promote the creation or strengthening of national human rights advocacy institutions throughout la Francophonie. This could be incorporated in bilateral and multilateral co-operation.

Sixth, in an environment where military power is giving way to economic dynamism, the security and stability of nations hinges increasingly on the economic and social development of their people. Should our governments not therefore undertake to courageously review the level of military expenditures with a view to reallocating defence resources into fields such as health and education in order to secure a better future for our people?

Seventh, according to the United Nations, more than 90 per cent of the victims of intra-state conflicts are non-combatants. Unless the proliferation of small arms and the use of mines cease, the civilian population will continue to be the victims of sectarian wars. It is imperative that the international community and the governments and groups involved work together to end the use of such weapons. Furthermore, should we not make the political commitment to rid Francophone countries of mines?

Canada will continue to apply pressure and suggest changes within the international institutions to secure peace and stability.

Looking strictly at security, in a few days I will be tabling before the United Nations General Assembly the results of a Canadian study on the establishment of a rapid reaction capability in the UN. Applying the main recommendations of this study would, in our view, result in a tangible improvement in the UN's peacekeeping performance. I invite you to read this study and promote its recommendations.

The nature of conflict has changed. Faced with threats from outside, many Francophone countries, like the rest of the world, have placed their reliance on military power for protection. These countries must now take a fresh look at the question of internal security. Order without public consent and participation is a perversion of internal stability and good governance. In my view, the absence of conflict at the expense of freedom is not true peace.

Thank you.

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Statement

95/51

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE SECOND OTTAWA CONFERENCE
ORGANIZED BY THE SWEDISH EMBASSY,
THE SWEDISH-CANADIAN CHAMBER OF COMMERCE
AND THE SWEDISH TRADE COUNCIL



OTTAWA, Ontario
September 22, 1995



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It gives me great, great pleasure to congratulate the Swedish Embassy, the Swedish-Canadian Chamber of Commerce and the Swedish Trade Council for organizing today's conference. I thank you for including me in your program.

When I was in Sweden in July, I had the opportunity to meet with several business leaders and to discuss the untapped potential for co-operation and partnership among Canadian and Swedish enterprises.

I also had the opportunity to reflect on the ties that bind our two countries together. We are both northern democracies, rich in geography and natural resources. We share a deep philosophical commitment to multilateralism and the international order, and have worked well together over the years in the UN [United Nations], the OECD [Organization for Economic Co-operation and Development], and the GATT [General Agreement on Tariffs and Trade]. We are both coping with similar domestic challenges: the need to reduce our debt and to reform our social programs. And, as small, open economies, we share the dubious distinction of being both highly exposed to external economic forces and highly dependent on exports for prosperity.

But the parallel that is most germane to our discussions today is our growing concern with transatlantic relations. While Sweden and Canada have both sought to secure our most important markets through regional groupings, we both continue to look outward. While we are both tied to regionalism by necessity, we remain essentially global nations concerned about Europe and North America drifting in regional blocs.

It is because of this that Canada and Sweden have approached the subject of redefining transatlantic relations in the post-Cold War era from a similar perspective.

Europe and North America provide much of the political and economic leadership for the world. When we are in conflict, the effect is felt globally. When we co-operate, as we have done so successfully since the Second World War, we have the capacity to build a better global system.

Since the end of the Cold War in 1989, political leaders have been searching for a new world order. This is curious, as the outline of such an order is in fact taking shape before our eyes. This new order is being driven not by military or geopolitical considerations, but by the immutable forces of economics and technology.

But old habits die hard. Forty years of Cold War left a legacy that is hard to shake. Concepts like the balance of power, nuclear umbrellas, falling dominoes, and a bipolar world continue to haunt our thinking and complicate the task at hand.

As a first step, we in North America must fully understand the revolutionary changes that have swept Europe in recent years. While the Soviet bloc was disintegrating, Western Europe — led by the European Union — was integrating. In fact, many suggest that the latter was an important cause of the former. Although many of the political and security implications of this are obvious, it is the economic consequences that I find most fascinating.

Three factors are driving economic development in Europe. The first is the integration of Western Europe, through the expansion of the European Union, including the recent accession of Sweden, Finland and Austria, and its continued development and integration, including, eventually, a common currency.

Through the single European Act, the Single Market Program, and the Maastricht Treaty, the EU has transformed itself. It has become more co-ordinated and better positioned to play a full role on the world stage. For the first time, it has a foreign policy identity to complement its economic and trade policy role.

The European Union is an economic superpower. It is a rich, prosperous single market of 370 million people, with a GDP larger than that of the United States.

The second factor is the establishment of market economies in Central and Eastern Europe and the consequent economic growth. We need only consider the changes in the former German Democratic Republic to see the long-term potential of the region.

The third is the growing economic integration of Central, Eastern and Western Europe as the new market economies reorient their trading patterns. The accession of Poland, Hungary, the Czech Republic, and Slovakia to the EU will only accelerate this process.

These developments have the potential to turn Europe into an engine of global economic growth for the next century. This is the new Europe with which Canada must co-operate to help redefine transatlantic relations.

The Government of Canada has three fundamental objectives for our relations with Europe. First, we wish to ensure peace and stability in Europe through the concept of political security. Second, we want to promote political plurality and market economies in Central and Eastern Europe. And, third, we want to strengthen economic ties with Europe through trade liberalization and the eventual establishment of free trade.

This last objective is vital. Economic issues will be the primary determinant of transatlantic relations in the future, just as security issues dominated in the past. Canada, Sweden and other economic middle powers have a strongly shared interest

in subjecting as much of their trade and investment relations as possible to mutually agreed rules and law. This contributes to certainty and predictability for exporters and investors, and fosters growth and prosperity.

As Sweden and Canada know, multilateral disciplines are preferable because they provide for broader application of rules, which allows for economic rationalization over larger markets and greater efficiencies and economies of scale. This is why we are both committed to developing a strong and effective World Trade Organization [WTO]. Unfortunately, it can be more difficult to create and advance multilateral disciplines, given that the difficulties inherent in securing consensus tend to increase exponentially as the diversity of the membership increases.

For this reason, we should not be afraid to pursue other arrangements when these are the best means to advance rule-making into new areas or to achieve additional levels of obligation in existing areas. This is the route that both the EU and the NAFTA [North American Free Trade Agreement] have followed. The logic for this process applies equally well across the Atlantic, as it does on either side or, for that matter, in the Asia-Pacific area.

The fact that we encounter resistance to further economic integration and market liberalization is a measure of the success we have already enjoyed. The easy liberalization is behind us. The next steps involve liberalization in areas that are more difficult, and the gains will also be more pronounced.

But the bottom line is that we must move forward, because maintaining the status quo is too expensive. Existing barriers to transatlantic trade and investment cost jobs, and contribute to inflationary pressures and higher interest rates. Given the challenges that governments face on both sides of the Atlantic to create jobs, restrain spending, reduce deficits and promote growth, we can't afford any other path.

I am encouraged to see that we are gradually working toward a consensus among Atlantic nations that something needs to be done to renew and revitalize our links.

For instance, the European Commission recently tabled a paper with the U.S. Administration on the improvement of transatlantic links. Among its many suggestions is one to create a "transatlantic economic space." This paper builds on constructive suggestions from many concerned government leaders, including my Swedish counterpart.

Britain has proposed a "pathfinder initiative," which would see Atlantic nations take the lead in pushing forward trade and investment liberalization within both the WTO and the OECD.

German colleagues have suggested establishing an international group of eminent Atlantic citizens to guide us forward, as have I.

The modalities of how we proceed, and exactly what we seek to accomplish, ~~are still emerging from~~ the dialectical process. Among the possibilities are further duty reductions, new investment rules, increased intellectual property protection, aviation and maritime transport agreements, and improved rules for public procurement practices.

But if the agenda is still emerging, the consensus is clearly growing that the status quo is insufficient. If Atlantic nations are to continue to provide economic leadership in the future, we shall have to revitalize old transatlantic bridges, and build new ones.

We had a glimpse of the future at the recent G-7 Summit in Halifax. Canada and the EU signed a major agreement on co-operation in the field of science and technology. This agreement opened the door for Canadian companies, universities and researchers, to enter into joint ventures with European partners participating in the European Commission's \$23-billion fourth Framework Program for Research and Development.

In the weeks ahead, our Department of Foreign Affairs and International Trade will host seminars in Montreal, Toronto and Vancouver to explain the agreement to interested Canadians and a new era of co-operation in science and technology will begin.

We have other initiatives under way. We are negotiating agreements with the EU on competition policy and customs co-operation. We are almost ready to sign an agreement on education and training. We are negotiating agreements on veterinary inspections and mutual recognition of testing and certification for product standards. These are steps toward the closer co-operation and trade liberalization of the future.

Sweden and Canada are not superpowers, but we are respected and influential nations within the European Union and the NAFTA respectively. We have a shared responsibility to provide leadership on global problems.

We can do this. We have collaborated in the maintenance of peace. We built the international institutions of our common security, and we can build the transatlantic bridge to our common prosperity. And when we do find ourselves in a position to lead, let us act boldly.

Thank you.

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Statement

95/52

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE
ASSOCIATION DES RESTAURANTS CHINOIS DU QUÉBEC
ON CANADA'S LINKS TO THE ASIA-PACIFIC
AND THE UPCOMING QUEBEC REFERENDUM



BROSSARD, Quebec
September 19, 1995



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I am particularly pleased to join you here this evening on behalf of the Government of Canada to celebrate the 25th anniversary of the Association des restaurants chinois du Québec. There are a number of reasons why I am so pleased to join you here. First and foremost, what person in their right mind would turn down a meal with 500 restaurateurs? Secondly, I feel a genuine kinship with you as I have owned and operated two Chinese restaurants in my home province of British Columbia. I know how difficult it is to run a successful restaurant and opportunities like this evening to sit back and celebrate your successes are few and far between. It is not often that we restaurateurs can sit back and have someone else do the cooking and the serving.

I also feel a particular sense of pride looking around the room tonight as I see many Canadians who, like myself, came to this country from Asia looking for, and finding, a better life for themselves and their families. Several of you are sixth and seventh generation Canadians and I thank you and your families for blazing a trail to Canada, making it so much easier for the rest of us because you demonstrated to other Canadians why this country should continue to open its arms to hard-working and industrious people.

I would like to take a few moments to briefly describe my role as Canada's Secretary of State (Asia-Pacific). The prime function of my position is to advise the Minister of Foreign Affairs, André Ouellet — who represents the Montreal riding of Papineau-Saint-Michel — on Asia-Pacific matters. My responsibilities therefore cover both geographic and sectoral issues, such as political economic matters and social development assistance. At the same time, I work closely with the Minister for International Trade, Roy MacLaren, to help him in his capacity of promoting trade for Canada.

A key part of my job is to build on the links that many of us have with Asia to enhance Canadian export opportunities. As our government has clearly demonstrated during the two years we have been in office, trade — exports, investment and technology transfer — is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

The two years since Prime Minister Chrétien appointed me to his cabinet have certainly been eventful for those of us dealing with the Asia-Pacific: it included visits to Canada by a number of Asian heads of state, and ministers from virtually every Asian country. Going the other way, André Ouellet, Roy MacLaren and I have crisscrossed the region working hard to promote Canadian interests.

Last year was the kick-off of "Team Canada." Led by Prime Minister Chrétien, Team Canada was a sort of awakening to the sheer scale of opportunities and to Canada's capacity to compete when the effort is

made. Team Canada showed that we could pursue business opportunities. It demonstrated the advantage of working together: federal government with provincial governments, business with government. And it proved that Canada can compete with the best in the world and win.

I am convinced that our government's focus on the Asia-Pacific — and our explanations to Canadians for that focus — is perhaps the best example to Canadians of our government's Red Book philosophy. In short, exports create jobs, and jobs create wealth for Canadians, thus helping to reduce the deficit and to maintain many of those programs, such as health care, that have made our country the envy of the world.

As the Prime Minister and the nine premiers who joined him demonstrated on the Team Canada trip, our government's commitment to the Asia-Pacific region can also address some of our concerns about national unity. While national unity is most obviously relevant in the Quebec dimension it is also significant in mediating lingering divisions between Eastern and Western Canada. We see our efforts in the Asia-Pacific as a unifying force — something on which we can all agree. Indeed, support for national unity can be enhanced through the pursuit of co-operative working relationships with the provinces, and through federal leverage and access in the Asia-Pacific when key contracts are at stake and major issues must be dealt with.

I cannot even begin to count the number of times I have travelled to Asian countries to meet with heads of state, ministers and business leaders in order to promote and support companies from Quebec who were bidding on contracts worth hundreds of millions of dollars. It is an incredible advantage to Quebec companies to be a part of a country that is considered to be a Pacific country by our Asian partners. As Prime Minister Chrétien pointed out last week following a meeting with Singapore's Prime Minister Goh Tok Chong, yet another of the many reasons Quebec needs to remain in Canada is to give Quebec firms like Bombardier better access to the Pacific Rim markets. To quote our Prime Minister: "If Quebec were separate, it would not be a Pacific nation anymore."

This brings me to an important issue I want to discuss with you this evening; the upcoming referendum. Quebecers like yourselves must choose between a country that has already proven successful and the unrealistic option of those who want to break it apart. This is the question you are faced with on October 30th. No matter how it is dressed up, the question is clear: Do Quebecers want to separate from Canada?

And make no mistake about it, the referendum is your business. Canada's multiculturalism policy recognizes that all Canadians are full-fledged members in building a better society and that no one should be excluded from that process. Ensure you are registered to vote. The deadline for registration has not yet passed. Talk to

your families, your neighbours, your friends, your customers. Tell them it is vital they vote. I am told there are some 100 000 Canadians of Asian origin living in Quebec. It is essential that these numbers are reflected at the polls. As Canadians living in Quebec, you each have to ensure that your voices are heard and thus it is essential that you exercise your right to vote so that Canada remains united. My comments are limited to Quebec, but as someone from British Columbia, Quebec's separation would have an impact on all of us throughout Canada.

As a young boy growing up in Hong Kong, my father used to tell me that just as he had fled China to Hong Kong, I too would have to flee Hong Kong for a better life. He instilled in me the need to study a science so that my skills would be marketable in other countries. When he died when I was a teenager, I began to search for a real home. My eyes quickly turned toward Canada. Like me, many of you, or your ancestors, came to Canada because you recognized that Canada is a community united by certain basic values: the rule of law, a democratic government, freedom, integrity, peace, and respect for human rights, honesty and compassion. These values are the very essence of our society. These are universal values, values that transcend cultures. There was a special moment when all of this hit me shortly after my arrival - it was during my first week in Canada. I was standing at a bus station in Vancouver. It was raining so I had on the typical raincoat that we wore in Hong Kong and with my little hood over my head it was quite clear I was new to Canada. A little old woman standing at the bus stop walked over to me and said: "Where are you from?" Now I must admit I was a bit nervous because I wasn't sure what she wanted. Nevertheless, I answered her: "I'm from Hong Kong, ma'am." She took my hand and shook it. "Welcome to Canada son, we have a great country. We can use more hard-working young men like you." I knew right then and there that I had finally found a home.

And I do not want to see my home divided and broken apart. There is too little to be gained and far too much to lose with separation. You and all Quebecers would be giving up all you have built for empty promises and non-existent guarantees. We have worked hard to win our rightful place in this country and to be called Canadians. At this point, the road to separation is not only pointless, but dangerous, especially considering that we have achieved so much together.

The Canadian economy is solid. Inflation is almost non-existent. Our growth rate is the highest of Organization for Economic Co-operation and Development member countries. Our productivity is on the rise. And the latest federal budget is ensuring that we get our fiscal house in order.

Let us ask ourselves this question: How would an independent Quebec be more successful in trying to solve the problems of unemployment, or social problems such as crime and welfare dependency? How would

separation help to balance the budget, assist the disadvantaged, or prepare our young people for the future?

In speaking of the immediate risks of separation, we must look at what Quebec's separation would mean in concrete terms. I will outline just three of the many risks that loom on the horizon in the aftermath of a YES vote.

The risk of losing your citizenship. One thing is certain: whatever the PQ [Parti québécois] says, your Canadian citizenship would be put at risk in a separate Quebec. Currently, as Canadian citizens, your Canadian passport guarantees you protection, respect and recognition worldwide. The citizenship we now enjoy is a privilege, not a right. Canada is free to redefine its arrangements regarding citizenship. The PQ government cannot make promises or decisions on behalf of the Canadian government as to who is a Canadian citizen.

The risk of job losses. A certain number of jobs in Quebec could be lost in the event of separation. New investments will slow down and capital, individuals and companies that do not want to remain in a separate Quebec might go elsewhere. How will this affect the future of your children and your communities? What is certain is that the economy and the situation of cities such as Montreal and Quebec City would be uncertain. I don't have to tell you how volatile the restaurant business is to this risk.

The risk of losing your mobility right. Within a separate Quebec, your access to jobs in other Canadian provinces, and that of your children and your grandchildren, would be eliminated.

Talking about the economic consequences of separation is not a fear-mongering campaign: it is telling Quebecers the truth. And I am confident that Quebecers realize not only these risks, but the tremendous advantages of Canada. Indeed, at the end of this saga, we will continue to demonstrate to the world why Canada has been selected by the United Nations for the second year in a row as the best country in the world in which to live.

We have made Canada our country and together we can ensure that it continues.

A Canada united, strong and ready to meet the challenges of tomorrow — a future brimming with hope and opportunity — is the heritage we should pass on to our children and our grandchildren. This is the heritage that we deserve!

Thank you.

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Statement

95/53

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE 50TH GENERAL ASSEMBLY
OF THE UNITED NATIONS

NEW YORK, New York
September 26, 1995



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Mr. President, distinguished delegates,

It is a great honour to represent Canada here today as we celebrate the 50th anniversary of the United Nations during this General Debate. Canada has always been among the strongest supporters of the UN, in word and in deed.

In 1945, Canadian Prime Minister Mackenzie King was an original signatory of the United Nations Charter. John Humphrey helped write the UN's 1948 *Universal Declaration on Human Rights*. Successive Canadian ambassadors to the United Nations have distinguished themselves in the service of the Organization, as have countless Canadian negotiators in areas ranging from disarmament, to trade, to development. In addition, Lester Pearson won a Nobel Peace Prize for his contribution to the UN's success in establishing the first peacekeeping operation in 1956.

All of these Canadians had a unifying purpose: to promote progress in implementing the UN's Charter, which enshrines the commitment of the people of the United Nations to the advancement of humanity.

Of course, there have been criticisms of the Organization: many are legitimate and require attention. It is clear, however, that the international community remains committed to the goals of the Charter and to the United Nations as the primary instrument for global problem solving.

The UN deserves our continued support. If we examine the record of just the last few years, the UN has conducted successful peacekeeping operations in Cambodia, Mozambique and Haiti. Thanks to the UN, in this decade alone, five million children will grow up normally, children who would otherwise have been paralyzed by polio. In 1995, the UN is working to ensure a better life for the almost 23 million refugees in the world today.

Global resolve to support the UN, and to advance the interests of the international community, has been recently underscored by such successes as the indefinite extension of the Nuclear Non-Proliferation Treaty [NPT]. At the Halifax Summit in June, chaired by our Prime Minister, the P-8 [Political Eight] leaders reaffirmed their strong commitment to the UN system of international institutions and added their ideas for revitalizing it.

The central message is clear — we must take this momentous opportunity to confirm and renew our commitment to the United Nations.

To do so, we require a renewed vision for the next 50 years. This vision must be centred on not just striving for, but achieving human security based on the freedom of people everywhere to live in peace, without fear, to be prosperous, and

to enjoy equality, justice before the law and knowledge. The members of the United Nations must work together now to renew the Organization, its agencies and programs, and to help make this vision a reality.

Mr. President, in Canada's view, pursuing this vision requires a focus on three interlinked objectives: preventing conflict, responding quickly when conflict occurs, and supporting peacebuilding efforts on an ongoing basis. I will address each objective in turn.

The first priority must be to help the UN better protect people from conflict. The UN has had important successes in the last few years, but there have also been setbacks. If the UN is to adapt to a changing world, if confidence is to be restored in the organization, we must learn from the failures of Bosnia, Somalia and Rwanda, and build on the successes of Cambodia, Namibia and El Salvador.

Mr. President, **preventive action**, as the Secretary General has laid out so well in *Agenda for Peace*, takes many forms, from economic development programs, to mediation, to the preventive deployment of personnel (as in the Former Yugoslav Republic of Macedonia), from the investigation of human rights violations to the conclusion of agreements limiting the spread of weapons of mass destruction. Prevention saves lives, forestalls untold human suffering and makes best use of limited resources.

Last year at this podium, I announced that Canada was providing a list of Canadian experts available to the UN for preventive diplomacy missions. We are also taking advantage of our membership in La Francophonie, in the Commonwealth and in regional organizations, such as the OAS [Organization of American States] and the OSCE [Organization for Security and Co-operation in Europe], to work towards enhancing the ability of these organizations to prevent conflicts. Our Prime Minister is currently pressing for an expanded Commonwealth role in democratization and good governance, two key elements of conflict prevention. I recently convened a meeting of La Francophonie, to generate recommendations for it to strengthen its role in conflict prevention, particularly in Africa. These recommendations will be presented to the leaders gathered at the Francophone Summit in Cotonou, Benin, in December of this year.

Prevention also means deterring crimes against humanity. Canada strongly supports the early establishment of an **international criminal court**, which will deter such crimes in the future and punish them should they occur. The recently approved *Platform for Action* at the UN's Fourth Conference on Women in Beijing, China, lends further impetus in this area.

Our recent experiences in the former Yugoslavia and in Rwanda emphasize the link between security and human rights. The UN's many human rights mechanisms produce a wealth of information that could help identify and understand potential areas of conflict. The High Commissioner for Human Rights has a role to play in enhancing the early warning functions of the UN. The experience of the Human Rights Field Operation in Rwanda revealed the need for the more effective co-ordination of UN field missions. Canada has commissioned work on the human rights components of field operations and on standby arrangements for them. This work will yield recommendations on ways to integrate human rights in UN field operations, consistent with the approach outlined in the *Agenda for Peace*.

A coherent approach to the prevention and management of **complex emergencies** is a major concern of Canadian foreign policy, and one of the best ways to renew commitment to the UN. Averting crisis requires more flexibility and speed in decision making and in implementation. In this regard, Canada supports the proposal for a conference on security, stability and development in the Great Lakes region of Central Africa. We also reaffirm our strong support for the UN's Department of Humanitarian Affairs.

Another major focus of Canada's preventive action is **arms control and disarmament, especially concerning nuclear weapons**. The historic decision to indefinitely extend the Nuclear Non-Proliferation Treaty [NPT] provides a foundation for further important gains on nuclear disarmament. We must now complete the Comprehensive Test Ban Treaty negotiations as early as possible in 1996, to permit its signature at the General Assembly next September. An agreement to begin negotiations on a treaty to ban the production of fissionable material for nuclear weapons is currently held up. We squander such opportunities at our peril. Canada calls on all members of the Conference on Disarmament to proceed urgently with the cut-off negotiations.

Regrettably, Mr. President, our efforts to take preventive action are eroded by the continued global **imbalance between spending on armaments and spending on human development**. Multilateral institutions should take trends in military and other unproductive spending into consideration. All UN Member States should comply with the UN Conventional Arms Register, which we hope will be expanded soon to include military holdings and national procurement activities. Together, interested countries could develop criteria to identify excessive military expenditures and appropriate international responses. Canada has taken some initiatives in this regard in recent months and we look forward to productive negotiations with many Member States here.

Mr. President, when a UN preventive diplomacy operation stumbles and efforts to prevent conflict fail, Member States all too often

criticize the UN. But, much of the blame for the failures of the Organization lies with the Member States themselves, who do not provide it with the tools needed for success. These tools are never needed more than when crisis erupts.

Last year, I discussed the problems the UN has encountered in **mobilizing its peace operations to respond to crises**. Canada's long experience with peacekeeping has convinced us that improvements are possible. The international community's slow response to the horrible and deeply distressing events in Rwanda was very much on my mind. It was in this context that I announced that Canada would examine ways to improve the capacity of the UN to react quickly to such events.

Today, I have the honour of presenting to this Assembly, Canada's report, entitled *Towards a Rapid Reaction Capability for the United Nations*, as a special Canadian contribution to the United Nations during its 50th anniversary year. It presents practical proposals to enhance the **UN's rapid reaction capability** in the field of peace operations. I believe the proposals will both help save lives and conserve scarce resources.

The report expresses the views of the Government of Canada, but considerable care was taken to consult with other governments, non-governmental organizations and inter-governmental institutions. We are also deeply grateful to the many experts who lent us their time and wisdom.

The main proposal of the report is the **"Vanguard Concept."** This concept would permit the UN to assemble, from Member States, a multi-functional force of up to 5 000 military and civilian personnel and, with the authorization of the Security Council, quickly deploy it under the control of an **operational-level headquarters**. This operational headquarters would be responsible for the advance preparations that are crucial if rapid reaction is to work. Forces would be provided under enhanced standby arrangements with Member States. Our other proposals seek to enhance training, to create more efficient logistics and transportation, and to strengthen the planning efforts of the entire UN system. None of the report's 26 recommendations require Charter reform.

But the search for immediate, practical solutions must not preclude more visionary possibilities. In this regard, the report looks at longer-term questions, such as advanced technologies in support of the UN's peace operations, the feasibility of a permanent group of civilian police, the idea of a UN Standing Emergency Group, and the question of independent sources of revenue for the UN system.

I believe the report's recommendations, if implemented, will strengthen the UN's capacity for more rapid, effective and

successful peace operations. **They will help restore confidence in the ability of the UN to respond to crises.**

Mr. President, we are conscious that words are not enough. In the words of a former Military Adviser to the UN, "we can't deploy studies." For Canada, this report is only the first step in translating ideas into action. To meet the growing need for civilian personnel during crises, Canada will offer the UN secondment, or loan, of civilian personnel on a short-term, urgent basis to help in the development of a fully-trained capacity in the areas of human rights, legal advice, humanitarian assistance and other aspects of a rapid civilian response to crisis.

Last week, Canada sent the Secretary General an updated inventory of Canadian personnel and equipment on standby to the UN, including technical information that would be crucial to quick response. We are now prepared to negotiate a more detailed memorandum of understanding with the UN on standby arrangements, which would include more information on readiness and capability standards.

Our report devotes special attention to the creation of an operational-level headquarters as the heart of the Vanguard Concept. Canada is prepared to help in establishing this headquarters, should the UN decide to accept this recommendation. We have already made a significant number of military personnel available to the UN, on secondment or on loan. We are prepared to make available additional personnel, both civilian and military, in order to bring this idea closer towards realization.

The time for moving towards fundamental improvements in the way the UN responds to crisis is now. A number of countries have advanced proposals similar to Canada's, and there are many new and interesting proposals for change coming from the non-governmental sector.

Follow-up is of key importance. We need to marshal our energies, to determine the most promising areas of action, and to move quickly towards putting words into action. Over the coming weeks and months, Canada intends to work closely with like-minded countries from around the world, and with the UN Secretariat, to this end.

Mr. President, the ongoing work of peacebuilding must continue alongside preventive diplomacy and rapid reaction. Indeed, peacebuilding involves a wide range of activities. Much of the work needed for articulating a broad vision of human security has already been done in the series of UN conferences in the **economic and social fields**, culminating in the Platform for Action, recently adopted at the UN World Conference on Women. It sets out a comprehensive view of sustainable development, which

balances economic and social agendas for the purpose of improving the well-being of society. This global consensus offers an opportunity to restore confidence in the work of the United Nations system in these fields and to dispel the perception of aimlessness and drift. The UN can continue to play an invaluable role in forging global agreements on development goals, in advocating core values, and in responding to development and humanitarian needs.

We must seek to anchor change in a **commitment to people-centred sustainable development**. A strong emphasis must be placed on poverty reduction and on the integration of the poorest countries into the world economy. No single country, or even group of countries, can achieve global results. We are determined to work with all UN Member States to pursue these goals efficiently and effectively. Let me take this opportunity to set out some ideas on the way to renew commitment **to the UN's economic and social work**.

First is the need to achieve the right balance between wide-ranging debate and decisions on which programs should be adopted.

The justified breadth of debate does not mean that UN programs should be established to address every problem. There are many other actors who play important roles. The UN should focus on what it is uniquely equipped to achieve.

Second is the need for a **fresh sense of the real goals of development**. The outcomes of the major conferences are at the core, and their distillation and co-ordinated follow-up should be a touch-stone for the UN in the economic and social fields.

The proliferation of programs and bureaucracy must be reversed. Fragmentation, duplication and overlap erode confidence. The roles and functions of organizations and agencies should be examined and refocused to ensure that they are oriented to future needs. The *Agenda for Development* is an important opportunity to initiate the institutional change required.

Improving **co-operation with and among specialized agencies** is essential to give limited resources some impact. The Economic and Social Council [ECOSOC] must take more responsibility for policy co-ordination within the UN system. A start has been made in Geneva this past summer. The recent establishment of UNAIDS is a promising example of what can be achieved. The exercise of leadership by executive heads of agencies and programs is key here, particularly in co-ordinating the follow-up to international conferences and ensuring that duplication, overlap and needless spending is eliminated as much as possible.

We must effectively harness the complementary roles of the UN and of the **Bretton Woods institutions**. To ensure a smooth transition from emergencies to rehabilitation, improved co-operation in

crises must be an immediate priority. I urge the Secretary General and the leaders of the World Bank and the International Monetary Fund [IMF] to propose new arrangements for post-crisis assistance. They might also establish a high-level task force to consider how to strengthen co-operation, both at headquarters and in the field, in areas such as data gathering, analysis and reporting. The World Trade Organization [WTO] should participate in relevant aspects of this work.

Mr. President, we have all come to understand that human security is indivisible from environmental security. Conflict is increasingly occurring because of disagreement over the use of finite natural resources. The UN's role in **promoting sustainable development** is key in this regard. Canada welcomes the recent success in some areas of international resource management operations, such as the **UN Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks**. Our goal is concrete, globally-sanctioned conservation measures. The same objective applies to our efforts to ensure the sustainable management of forests and of arable land.

The Rio Summit achieved landmark agreements on **climate change and biodiversity**. Canada welcomes the progress made by the Commission on Sustainable Development, and by the UN Environment Program, in clarifying their respective roles in following up these agreements in concert with Member States.

In speaking about the three elements – preventive action, rapid reaction and peacebuilding – I want to emphasize the need to see these as mutually reinforcing. The UN Member States must be committed to all three in order for any one to be successful.

Mr. President, to ensure a renewal of the UN's vision through these actions, we must also reassert our commitment to assuring the effectiveness of its key bodies. Although I could speak of many UN agencies in this regard, because of its critical role in promoting the vision of the next 50 years, I will limit my remarks to the Security Council.

The **Security Council's** mandate to help prevent disputes and to resolve conflicts confers upon it unique responsibilities. The binding nature of some decisions adds further weight to its deliberations.

In recent years, the Council has experienced a period of intensified activity. It has also experienced setbacks from which we can all learn. One lesson of particular importance is that members of the Security Council, especially the Permanent Five, need to demonstrate firm commitment to the implementation of their decisions.

For Canada, the need for more open, transparent and collegial decision making is crucial. There must be closer consultation with countries contributing personnel and equipment to help implement Council decisions. Here, real progress has been achieved of late, which Canada warmly welcomes. This progress needs to be institutionalized.

The credibility and effectiveness of the Council in promoting international peace and security is also key. Although we do not regard expansion of its membership as a panacea, it is clear that composition plays a role in fostering credibility and effectiveness: the Council is no longer as representative as it once was. Its legitimacy, and perhaps also the quality of its decisions, would be greatly enhanced by more representation from those countries that contribute the most to the maintenance of international peace and security and to the broad purposes of the Organization – the key criterion for non-permanent membership enshrined in Article 23 of the Charter.

Perhaps it is time to reflect together on those purposes to which Article 23 refers. They would surely include participation in UN peace operations; commitment to arms control and disarmament; and support for good neighbourly relations, humanitarian assistance, human rights, development co-operation and the promotion of civil society. An understanding among Member States along these lines would help in the selection of non-permanent Council members, whether on the existing or on a modified basis.

Mr. President, a recurring theme throughout my remarks has been the need for the UN to marshal its scarce resources more effectively. There is simply no other option if we are to restore confidence in this Organization, and in the specialized agencies. As the Secretary General has stressed, the Organization's financial crisis is crippling its effectiveness and its credibility. We cannot allow this to happen.

The answer lies in addressing both expenditures and revenues. Many governments, including Canada's, are facing difficult budgetary decisions. We have had to learn to live with expenditure reductions in real terms while maintaining priority programs. International organizations must respect the same pressures as domestic governments. The UN and its agencies must focus on key objectives and reduce overhead spending in order to protect priority programs. In fact, there are many steps that chief executive officers can take themselves to increase efficiency and to reduce costs without impairing programs, and we should all insist that they do so. Similarly, many agency budgets should be held at present levels wherever possible, if not reduced. Member States must work collectively to this end.

Canada strongly supports the proposal, put forward by the Secretary General, for an Efficiency Task-Force to address these

issues. We are prepared to contribute both expertise and personnel to get it started soon.

While the UN needs to do more to rein in spending and to promote efficiency, its financial crisis would be greatly alleviated if its Member States were to meet their financial obligations in full, on time and without conditions. Canada calls on all Member States to do so. We cannot accept that Member States, some of which rank among the richest countries in the world, fail to meet their financial obligations to this institution. This is even more difficult to accept when we consider that a number of the poorest countries in the world meet their payments in full and on time. Indeed, among the merely 60 Member States that met their regular budget obligations to the UN fully by July 31st of this year, 32 were developing countries. Unfortunately, 71 other Member States had made no payment at all. Almost 100 countries still owe money from previous years, including several members of the Security Council. The majority of Member States appear content to approve programs, appropriations and assessments without honouring the obligations to which they are committed. This is unacceptable and cannot be allowed to continue.

The General Assembly's High Level Working Group considering the UN's financial plight should begin looking at the establishment of incentives to pay. It should also agree on an equitable method of sharing the burden, free of the distortions that characterize the present scale of assessments.

Mr. President, I have sought to pay tribute to this Organization's achievements, and to emphasize that Canada strongly supports the United Nations. We are prepared to contribute concretely and actively to its revitalization and renewal. But confidence will be restored and commitment renewed only through a partnership in which Member States live up to their commitments and focus on key priorities that respond to human-centred goals for sustainable security and development. If we are successful, and I believe we will be, I have no doubt that 50 years from now our successors will be able to praise, without hesitation or qualification, the record of the Organization's first one hundred years.

Thank you, Mr. President.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE 52ND ANNUAL MEETING OF THE
CANADIAN EXPORTERS' ASSOCIATION

"TEAM CANADA: WORKING TOWARD CANADIAN SUCCESS
IN INTERNATIONAL MARKETS"

FREDERICTON, New Brunswick
October 2, 1995



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There is an unusual statistic that leaps out of the program for this year's convention of the Canadian Exporters' Association [CEA]. And it has nothing to do with tariffs or trade surpluses or balances of payments.

It is the fact that this is the Association's 52nd Annual Convention, which places the first one in the middle of World War II!

Even as the men and women of that generation were fighting to keep the world secure from tyranny, Canadians were establishing yet another mechanism for enhancing our export performance, confident in the prospect that trade would again be Canada's national lifeline when liberalized market access would be at the top of the postwar agenda.

Much has happened in Canada and the world since 1943, but the importance of international trade and investment to our economic prosperity continues to increase.

In the past two years, we have seen major strides taken toward trade liberalization – from the conclusion of the Uruguay Round and the creation of the World Trade Organization [WTO] to the North American Free Trade Agreement [NAFTA]. Initiatives for freer trade in Asia, in Europe, throughout the Western Hemisphere and across the Atlantic are emerging.

Our economy has become one of the most open in the world. We are today experiencing an extraordinary export boom: our exports of goods and services now amount to more than one third of our Gross Domestic Product, compared with about one quarter just four years ago. Today, Canada-U.S. trade amounts to one billion dollars a day, every day of the year.

Considering that every billion-dollar increase in exports creates 11 000 jobs in Canada, it is clear that the lion's share of the additional jobs has and will continue to come from our exports. That is a powerful incentive not only to create an international framework that stimulates freer trade and investment among nations, but also to establish the domestic strategies and programs necessary to capitalize on this more liberal climate.

Today's trade figures are impressive, but we can do better. We can capitalize on the market openings resulting from the creation of the WTO and from the elimination of trade and investment barriers within NAFTA. We can increase our market shares, diversify both the composition and the destination of our exports. We can also broaden the base of Canadian companies involved in international trade and investment. This is our challenge. This is Team Canada's challenge.

And make no mistake about it – international trade is all about winning.

All Canadians take pride when a company like Greystone Energy Systems in Moncton wins a contract with China to supply temperature, humidity, and pressure sensors for building climate-control systems.

That signing took place during the Team Canada visit to China led by the Prime Minister.

Another Team Canada visit — this time to Latin America — resulted in a contract for Thomas Equipment Ltd. of Centreville, New Brunswick, to supply skid steer loaders to their Chilean partner.

We know that the Trade Team Canada approach works. And although the Prime Minister cannot spend 365 days on the road promoting Canadian exports — although I am sure he would, if he could — we can identify the best elements of the Team Canada approach and use them to develop winning strategies to generate new opportunities for Canadian exporters.

In fact, our game plan is simple. Using a team approach, we want to link international opportunities with domestic capabilities in the most effective way possible. We want a Team Canada working every day, coast to coast and around the world.

Through the Canadian Exporters' Association, the International Business Development Review Committee headed by "Red" Wilson, and in a variety of other ways, you told us that we in government must provide improved services to exporters domestically and globally, that we must set priorities and better allocate resources, that we should focus programs and provide national leadership to Team Canada. In essence, you told us to "get our act together" here in Canada, and that is exactly what we are doing.

Over the last year, we have brought together 22 federal departments and agencies, negotiated with our provincial colleagues and involved a wide range of industry associations. Today, I am pleased to announce five initiatives aimed at building on Team Canada successes in international business development.

First, and central to achieving this success, is the Canadian International Business Strategy, the central framework for setting international business development priorities and strategies. The Canadian International Business Strategy is formulated by all the partners — federal, provincial and business. Government resources will be allocated on the basis of the agreed-upon Strategy. Management of this Strategy by a committee of deputy ministers — a sort of board of directors — will create a single point of accountability for performance and results.

You asked us to focus our attention particularly on both priority sectors and priority markets where government support can make the biggest difference for you. We are currently consulting with the Canadian Exporters' Association as well as others to determine which sectors and markets these will be. Although we shall continue to offer a broad range of support to all companies in all sectors, we shall be offering enhanced support in certain key areas.

Second, in co-operation with our provincial and private sector partners, "National Sector Teams" are being formed to develop and execute sector-specific strategies. Comprising federal, provincial and, most importantly, private sector stakeholders, these National Sector Teams will enhance the strength of companies venturing into foreign markets by developing joint strategies and action plans, and through the exchange of market and other information. In fact, some national sector teams are already operational in the agri-food and agriculture sectors, including seafood, and in several industrial areas.

If you are asked to join a Sector Team, I urge you to get involved. If the idea of collaborating with one of your competitors seems a little strange at first, let me assure you that there is enough international business out there for all of you — and more.

The third mechanism that we shall use, again in partnership with the provinces and with business, will be a series of Regional Trade Networks. These Networks, which will be targeted at small and medium-sized exporters, will ensure that there are national standards for the delivery of information and services to exporters, and that this delivery matches regional requirements.

We have discussed and agreed on arrangements with virtually all the provinces and territories. For its part, New Brunswick has already developed an integrated Team New Brunswick strategy. Premier McKenna will talk about that in a few minutes.

The fourth initiative is the new International Business Opportunities Centre, which we have established in Ottawa to direct the hard business opportunities identified by our Trade Commissioners abroad to specific Canadian firms capable of filling the overseas requirements. Although the new Centre has only been fully operational for a fortnight, it has already generated a number of success stories that bode well for the future.

Let me just mention a couple.

Adart Engineering Services Ltd. of Calgary recently won a contract in Japan to design a speed-skating oval. Adart's President said: "Without the business lead from the International

Business Opportunities Centre, we would not have known of this project."

Sprung Structures Instantanées Inc. of Pierrefonds, Quebec, has been shortlisted for pavilions for Expo 98 in Lisbon. Sprung's President said: "Through what started out as a fax from the International Business Opportunities Centre, we are now poised to supply a large international fair . . . fast-tracked to great potential business opportunities."

The fifth initiative, still "in the works," is the creation of a team to provide special support to selected major projects worldwide. Its purpose will be to co-ordinate high-level support and to champion these projects.

By co-ordinating a sustained effort from Canadian companies, we shall go a long way toward levelling the playing field against foreign competitors who have so often used their political leverage to win projects for which Canadians were otherwise completely competitive.

Let's face it. The real success of Team Canada will come from its ability to promote Canada offshore. The Prime Minister is a promoter par excellence. So is the Premier of New Brunswick. And there are many other excellent Canadian promoters, a number of whom are here today.

For too long we have had Canadian companies with world-class products and services taking second place to companies from other countries who were not afraid to promote themselves.

Finishing second in a competition may produce some valuable lessons for the future, but it does not create jobs or income for the present. Awards for "congeniality" and being "photogenic" are nice, but Canadians want jobs, and developing our international business is the way to provide them.

We must also work harder to get more companies involved in international business. Today, 100 companies are responsible for half of all our exports. Some 9000 companies are responsible for 93 per cent of our exports. We must expand this base. We must transform Canada into a true trading nation. We have to get more small and medium-sized companies into the international arena. Although we intend to concentrate on those companies and those sectors with the best prospects for success, overall we must still increase the number of Canadian exporters and their competitiveness.

To this end, we must better prepare and train companies in all regions of the country to help them become successful exporters. We must also continue to provide market intelligence, sales leads, business contacts and country-specific and sector-specific

analysis. Our worldwide trade office network, already in place, delivers these services to Canadian business. Our new strategy intends to make this network more effective by focussing even more on linking real opportunities with capable Canadian suppliers.

Why not set our sights higher and double the number of active exporters? Today, I challenge Team Canada to do just that by the year 2000.

These initiatives are part of our strategy to build on the successes of Team Canada.

I am grateful for the co-operation of the provinces, associations such as the CEA, and specific sectors and businesses in building Team Canada.

It is proof positive that Canada works together and that Canadians work when Canada works.

But we can do better. No one in this room ever got ahead by using least year's business plan.

Nineteen ninety-five and beyond requires yet greater partnership. It requires yet more focus and more leadership.

But most of all, it requires participation. We need as many Canadian businesses as possible involved in Team Canada.

Your Association has the experience. You understand first-hand the benefits that come from export and from investment in joint ventures.

The Team Canada approach has been and continues to be a winning strategy for Canada.

I would now like to invite Premier McKenna and CEA Chairman Ken Matchett to join me in unveiling the Team Canada logo, the new symbol of our collective commitment to the Team Canada approach. From now on, I invite all Team Canada members to use it at future Team Canada events in Canada and abroad.

Thank you.

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Statement

95/55

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE JAPAN CHAMBER OF COMMERCE
AND INDUSTRY

TORONTO, Ontario
September 29, 1995



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I am pleased to welcome you, Mr. Inaba, and your colleagues to Canada. I am delighted that you were able to accept the invitation I extended during my visit to Japan last spring. I congratulate the Japan Chamber of Commerce and Industry [JCCI] for organizing today's event and I thank you for including me in your program.

I am equally pleased to see among your guests representatives of many Canadian subsidiaries of Japanese companies and some of our leading Canadian companies with strong business ties to Japan. Given my personal commitment to the Canada-Japan relationship, I value the opportunity to exchange views with such a well-informed and influential audience.

The position paper prepared by the JCCI for this visit, *For The Further Development of Japanese-Canadian Relations*, recognizes that long-term prosperity is founded on partnerships.

Indeed, through partnerships, Canadian and Japanese companies can not only serve their own domestic markets more effectively, but they can penetrate third countries as well. Recent deals to supply power generating equipment in Thailand and Indonesia, and machinery and engineering equipment in China and Siberia demonstrate what can be achieved.

Greater business co-operation would be particularly appropriate in Southeast Asia, where Japanese companies have developed a significant presence and a skill for finding innovative ways of financing projects.

I applaud the efforts of many JCCI members, particularly the trading companies, to build partnerships with Canadian companies. I hope your discussions this afternoon with the Canadian Chamber of Commerce will lead to more of these essential relationships.

In the spirit of the Canada-Japan relationship, I'd like to share some frank thoughts on the current state and future direction of our trade and investment relations.

Canada and Japan have built a solid foundation. Two-way trade continues to gain momentum, surpassing \$20 billion last year. Canadian exports grew by \$1 billion for the second consecutive year. By conservative estimates, our sales to Japan this year could well exceed \$12 billion. This explosive growth comes from hard work and creative thinking on both sides of the Pacific.

One often hears of the changing patterns of Japanese investment, in particular the shift toward Asia. Yet, Japan continues to view Canada as a sound investment. No doubt that assessment is based on the strong fundamentals of our economy and its long-term prospects.

Canada led G-7 economic growth in 1994. Real gross domestic product grew 4.5 per cent – its strongest growth in five years. Record-level exports have been the main driving force behind this strong growth. Exports now represent more than one third of our total GDP.

Productivity in Canada has surged. Our cost competitiveness is at its highest level in more than 40 years. Canada's current account deficit has been cut in half over the past year. Our inflation remains among the lowest in the world.

At the same time, the Canadian government has taken decisive action to reduce Canada's fiscal deficit. Deep cuts to government spending will reduce the federal deficit to 3 per cent of GDP by next year. Provinces have also been active in reducing or eliminating their fiscal deficits.

Canada's commitment to liberalized trade and investment is undeniably a large part of our success. We have been an active proponent of regional and multilateral initiatives to help improve Canada's competitiveness. This approach also reflects our belief that we must go beyond existing commitments wherever we can in order to drive the multilateral system toward global free trade.

Our participation in the Canada-U.S. Free Trade Agreement and its successor, the North American Free Trade Agreement [NAFTA], has given firms in Canada free and secured access to a huge market and excellent sources of supply.

Under the NAFTA, clearer North American content rules, including those for autos, have reduced the risk of unilateral interpretations by customs officials. The interests of exporters and business investors are better protected by an efficient and transparent dispute settlement system which ensures that the rules are enforced.

Today, the North American economy is based upon converging infrastructures, common distribution links and an intricate web of cross-border production and investment. Economic integration in North America has stimulated specialization within Canadian industries as they take advantage of greater economies of scale.

The results speak for themselves. Canada and the United States now exchange over \$1 billion worth of goods and services a day and Canadian exports to Mexico grew by nearly 30 per cent in 1994. Canada accounted for one third of total export growth in North America last year.

Our commitment to an open trade and investment regime and to sound macro-economic policies have helped create in Canada one of the most competitive business environments in the world. This has not gone unnoticed.

Total foreign direct investment has increased 20 per cent since implementation of the first free trade agreement with the United States. Of the total increase in foreign investment in Canada, 30 per cent is reinvested earnings. Many multinational corporations, such as 3M, Dow, DEC, IBM, Bell Helicopter Textron,

and Procter and Gamble, have awarded North American or global mandates to their Canadian subsidiaries.

Recent investment decisions by Japanese firms show that they also appreciate these developments. For example, Toyota has begun a \$600 million expansion of its operations in Canada. A number of other Japanese companies have also made important investments in Canada recently, including NKK, NEC, Mitsui, Mitsubishi Materials, Sumitomo, NTN, Kao, Omron, Moli Energy, Makita, Sakai Spice, Honda, among others.

But the picture could still be better. Despite Canada's attractiveness, Japanese investment in Canada is significantly less than that in the United States, even taking into account the differing sizes of our economies.

Therefore, I encourage you and, through you, other Japanese firms to take a new and even harder look at what Canada has to offer.

Canada and Japan, as members of the G-7, partners in the Quad [Quadrilateral Trade Ministers' Meeting] and enthusiastic members of APEC [Asia-Pacific Economic Co-operation forum] have a strong common interest in promoting growth, expanding free trade and advancing the rule of international law.

In APEC, we are working closely with Japan — the chair of this year's APEC meetings in Osaka — to create a detailed work plan that responds with concrete action to our leaders' commitment in Bogor, Indonesia, last year. Canada's goal is to push for a broadening and deepening of our mutual commitments, and to ensure that the collective focus is outward and expansive. What emerges from the Osaka meetings will be of great consequence to Canada as we prepare to chair APEC in 1997.

We also share with Japan the basic commitment to develop a strong, effective, rules-based, multilateral trading system centred on the World Trade Organization [WTO]. Our mutual interest in the smooth functioning and respect for the WTO was never more evident than during the recent Japan-U.S. bilateral negotiations on autos. During that period, Canada made it clear that unilateral measures would threaten the stability of the multilateral trading system. At the same time, we stressed — along with Japan's other major trading partners — that the solution must be found in true market-opening in Japan where the key element must be effective and far-reaching deregulation.

Some observers in Japan argue that pressure to deregulate should ease in the current climate of stagnation. Yet we believe that exactly the opposite is true.

Only through effective, far-reaching deregulation will Japan stimulate the necessary domestic demand — particularly demand from

the private sector – to accelerate economic recovery and sustain growth.

Moreover, reform must aim to reduce domestic prices through increased competition, particularly competition from imports, to be of benefit to the Japanese consumer and business.

In my view, Japan should:

- eliminate all regulatory restrictions on market entry and price competition that cannot be justified on the basis of economic efficiency;
- ensure full transparency and non-discriminatory application of all regulations;
- streamline domestic standards systems and bring them in harmony with international norms; and
- expand public awareness and debate on the benefits of deregulation.

These proposals address the two most common concerns of Canadian business in Japan: poor regulatory transparency and high domestic costs. Addressing these problems would considerably facilitate trade and avoid future trade friction.

We are looking to the Japanese government and industry to demonstrate the leadership required to overcome opposition and implement true reform.

The measures announced last March in Japan's *Deregulation Action Program* were a start. Some of Canada's concerns in the housing and building products sector were addressed. But the measures didn't go far enough; they were far from meeting international or domestic expectations.

The *Action Program* failed to provide a coherent approach to eliminating restrictions on market-entry and price competition, particularly in highly regulated sectors, such as agriculture, land and housing, transportation and retail distribution, which have a significant impact on the domestic economy as a whole.

Given the request-driven nature of the *Action Program*, international pressure will likely be an important stimulus for change. But Japanese business has the most important role to play in this ongoing process. I urge you to continue to press for the implementation of a far-reaching and effective program.

That is the challenge that I put to you today.

Domo arigato gozaimasita! (Thank you).

Statement

95/56

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE 41ST GENERAL ASSEMBLY OF
THE ATLANTIC TREATY ASSOCIATION



TORONTO, Ontario
October 4, 1995



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For the past year or so, there has been a growing debate in both Europe and North America about the future of transatlantic economic relations. On one level, this debate is about the search for new linkages to bind our two continents together now that the Soviet threat has disappeared and trade friction is on the rise.

If the nomenclature differs – some advocate economic "building blocks," others a "free trade agreement," still others an "economic space" – the core idea remains the same: to build new economic bridges across the Atlantic at a time when the old bridges seem in need of refurbishment, or worse, beyond repair.

But this search for a new "bridge" is motivated by more than mere nostalgia. Behind calls for greater transatlantic co-operation and integration is a recognition that, for all the inherent complexities of our relationship, Europe and North America have fundamental economic interests in common – a desire to strengthen the transatlantic economy, to push the frontiers of trade liberalization, and to maintain the stability of the global economic order. The salient question is not whether a more integrated transatlantic economy is a worthy idea; the question, rather, is whether Europe and North America can marshal the political will at this time to move forward.

Current transatlantic trade and investment flows already justify a more structured economic framework – some \$250 billion in two-way trade, \$460 billion in investment, reflecting a combined transatlantic output of over \$2 trillion.

Nor do these statistics capture the essential quality of our economic relations – the extent to which North America and Europe are at the epicentre of a growing web of transborder investment, technology and ideas, the new arteries of the global economy. For many industries, existing continental arrangements, whether pan-European or pan-American, are no longer broad enough to capture their interests. Transatlantic free trade is first and foremost a response to bottom-up pressure for deeper integration.

In the same way that Europe 1992 and the NAFTA [North American Free Trade Agreement] provided a critical jump-start to our continental economies, an even more ambitious vision of an integrated transatlantic market would provide at least as much impetus to a North Atlantic renaissance. The argument that the difficulties we face are simply too intractable should be turned on its head. What are the economic and social costs of not deepening our relations? What are we losing in potential production and additional jobs? Which market inefficiencies and rigidities are we needlessly leaving in place? Have we really taken transatlantic relations as far as they can go?

A second goal of transatlantic free trade is to push the frontiers of liberalization and rule making. Once trade policy was about regulating commercial relations between national economies, largely through the negotiation of tariffs; now it is about establishing

the ground rules of a transnational economy in areas such as standards, investment, competition policy, and so forth. Where once we agreed on what governments should not do, now must take the more difficult step of deciding what governments should do together.

Europe and North America are well placed to move ahead in these areas. We share in principle, if not always in practice, a commitment to open markets and to the rule of law. Our political institutions, legal systems, and cultural norms draw upon the same historical and intellectual roots.

And in the European Union and to a degree in the NAFTA, we have created unique structures for regional economic co-operation and integration – structures that can, with imagination, provide logical building blocks for a trans-regional initiative. Ours is a relationship that could be deepened more easily and more quickly than that between any other regions of the world.

There is a third rationale for deeper transatlantic integration: the need for global economic stability. The success of the GATT [General Agreement on Tariffs and Trade] system over the last 50 years is a testament to the postwar strength and resolve of the United States. Yet the balance of global power and the structure of the world economy are very different today. Power is more diffuse; the United States is but one of several major actors on the global stage, none of which is pre-eminent. What is more, economic structures differ widely, increasing the scope for "system friction" and placing greater strains on the multilateral order. We have reached the end of *Pax Americana* in multilateral trade; yet the need for strong leadership and a secure, rules-based system has never been greater. Growing trade friction in recent years is not a sign that we have taken liberalization and integration too far, but rather that we have not gone far enough.

Europe and North America can provide leadership to the world trading system only if we do so in concert. Even a modest transatlantic undertaking would not only help to improve EU-North American relations but would also make it easier to manage the World Trade Organization system as a whole. A more ambitious agreement could serve to advance the new trade policy agenda and lay the groundwork for the first trade negotiation round of the new World Trade Organization. As long as the goal is not to replace the multilateral system – still less to set up a defensive bloc – but to move beyond the commitments that we accepted in the World Trade Organization, then a new economic partnership of Europe and North America could provide the critical mass needed to re-energize the totality of the world trading system.

We have an opportunity here to correct history. In the aftermath of the Second World War, Western leaders got the security structure right, but faltered in their parallel efforts to build

transatlantic economic institutions – as envisaged, for example, by Churchill and Roosevelt in their Atlantic Declaration or by Pearson in Article 2 of the North Atlantic Treaty or later in forums such as the OEEC [Organization for European Economic Co-operation] and later in the OECD [Organization for Economic Co-operation and Development].

Instead, we have presided over the creation of separate continental structures – first the European Union, and now the NAFTA – which, although highly successful at the regional level, have tended to operate as transatlantic rivals. Absent a common economic framework paralleling NATO in the security realm, bilateral issues are left to be managed through a byzantine maze of channels – periodic GATT Rounds, G-7 Summits, ad hoc ministerial encounters – whatever works.

More worrisome has been the tendency of our regional blocs to focus inward. Europe and North America seem preoccupied with their own institution building to the point where other interests risk being subordinated to architectural imperatives.

Even when we look outward, it is often to extend our regional spheres of influence: in the case of Europe, through contiguous free trade areas, association agreements and Lomé preferences; in the case of North America, through NAFTA expansion, the proposed Free Trade Agreement of the Americas and in the fledgling Asia Pacific Economic Co-operation forum.

All of this has contributed to a growing fortress mentality and a pervasive mood of isolationism among some; but this is an attitude that overlooks our mutual dependency and fosters transatlantic friction. Without arrangements to match existing levels of economic integration, the risk is that our differences – rather than our common interests – will continue to define the relationship.

What should be the broad principles guiding a transatlantic initiative? First, it should encompass the totality of the transatlantic community.

An agenda which focusses on bilateral relations between the European Union and the United States alone rather than on the wider transatlantic context ignores the integration of the North American economy. It is an approach that is not only anomalous, but ultimately self-defeating.

Second, we should concentrate on areas not yet covered by the new World Trade Organization. While most tariffs are already low – industrial tariffs average between 2 and 3 per cent – and could be eliminated by agreed dates, our main focus should be on non-tariff barriers and deeper trade-related policies. We have already agreed to seek a high-quality investment agreement under the

umbrella of the OECD. We should work in tandem to push this agenda forward and broaden it globally.

We should also work towards the mutual recognition of industrial and agricultural standards, especially in sectors that will define the global commerce of the future such as information technology and telecommunications.

Given the similarities of our legal systems and industrial structures, the transatlantic context also lends itself to ambitious work on harmonized competition policy. In each of these and other "building blocks," we can go well beyond the scope of the disciplines of the new World Trade Organization and provide a basis for future multilateral liberalization and rule making.

The third principle is that any transatlantic arrangement should remain fully compatible with the new World Trade Organization and fundamentally open. The goal of a transatlantic link is not to construct an exclusive or restrictive bloc; on the contrary, the goal is to transcend our respective regions, to widen the circle and to deepen the rules.

But we are not at the building stage yet.

The year 1996 will bring a U.S. presidential election and a concomitant debate about future directions. In the same year, the European Union will hold its intergovernmental conference, a conference mandated to chart the next phases of European integration. Implicit in each process will be the central question of where North America and Europe fit in the wider Atlantic Community.

This introspection is important. If the wider Atlantic Community is to move forward, it will be driven by a broader vision, not by negotiating details. It will be rooted in a recognition that we are a set of countries that must ultimately stand together, must work together, must continuously reinforce our shared global interests.

Given the degree to which technological change is altering the foundations of our postwar relationship and creating the potential for friction, we need to rediscover the ties that bind.

It is not that deeper transatlantic co-operation is an alternative to broader global co-operation; it most emphatically is not. It is rather that a strong North Atlantic architecture is central to our ability to manage and advance a larger global order.

Thank you.

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Statement

95/57

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE SECOND CONFERENCE OF
LA SOCIÉTÉ D'ÉTUDES KANTIENNES
DE LANGUE FRANÇAISE



OTTAWA, Ontario
October 4, 1995



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Mr. Hamelin, Mr. Laberge, Mr. Ferrari, distinguished guests, ladies and gentlemen:

I would like to thank the Philosophy Department of the University of Ottawa for inviting me to be here today. I also wish to thank the University of Ottawa for organizing this conference on "Kant, Peace and the United Nations," a particularly apt theme in this year of celebrations commemorating the creation of the UN.

It is indeed fitting that this conference devoted to Kant should receive the official sanction of the Canadian Committee for the 50th Anniversary of the United Nations. The UN's anniversary offers us an opportunity to salute this visionary, who advanced the idea of world peace founded on international institutions and universal rules and principles.

It would be interesting to know to what extent Kant's essay *On Perpetual Peace* — which marks its 200th anniversary this year — influenced Woodrow Wilson when he proposed the League of Nations in 1918. Did Franklin Roosevelt and Winston Churchill have Kant in mind 25 years later, as they discussed the need for a United Nations Organization?

Today, we know that Kant's ideas were not utopian, even though the UN as we know it does not correspond exactly to the federation of nations Kant had in mind.

However, the philosopher's imperative that international relations be subject to law and morality is the principle which underlies the very existence of the United Nations of our day. Kant's dictum that "politics must kneel before the law" has lost none of its relevance in 200 years.

In this year of the UN's 50th anniversary, I believe we have a duty one and all to reflect upon peace and the United Nations.

In Canada's case, I think this process of reflection should stem from our country's rich history of service to peace and the UN. This is a history of which we can be justly proud. I would like to speak briefly of a few Canadians who have distinguished themselves in the service of peace since the creation of the United Nations.

Canada in the Service of Peace

Peacekeeping operations are unquestionably the element of the UN's work which is most visible and receives the most prominent media coverage. This is ironic in a way, as the Charter of the United Nations makes no mention of peacekeeping.

It was however thanks to the determination and vision of a Canadian, my illustrious predecessor Lester B. Pearson, that the first peacekeeping force was set up in 1956, earning Pearson the Nobel Peace Prize. But while the name Lester Pearson and his

contribution to the UN are known and honoured across Canada, he was not the first Canadian to distinguish himself in the service of peace and the United Nations.

The first draft of the Universal Declaration of Human Rights of 1948 was written by a Canadian, the late John Humphrey. And his contribution to the UN did not end there.

For nearly 20 years, John Humphrey devoted himself to applying and promoting the principles set out in the Declaration of Human Rights, first while working at the United Nations Secretariat and then teaching at McGill University. Indeed, does not the Universal Declaration of Human Rights reflect the thought of Kant? Kant tells us in his essay that "the rights of man must be held sacred." Is this not the Declaration's underlying principle?

John Humphrey's work inspired many Canadians and others in their efforts to entrench fundamental human rights. The Platform for Action recently adopted by the UN's World Conference on Women in Beijing bears witness to these efforts, as do the documents that came out of the Cairo Conference on Population and Development and the Copenhagen Conference on Human and Social Development.

The name of a Canadian is closely associated with another United Nations Conference, the Stockholm Conference on Human Environment held in 1972 in response to the threats to the environment which were already evident at that time. Maurice Strong was asked to chair the Conference and subsequently became the first Executive Director of the United Nations Environment Program. His talent and dedication did not go unnoticed: 20 years later, the UN asked Maurice Strong to chair the Earth Summit in Rio de Janeiro.

The tremendous progress humanity has made over the past 50 years, particularly in the area of human development, is due in large part to the work of UN specialized agencies. I am thinking in particular of the World Health Organization, created in 1948, whose first Director General was Canada's then Deputy Minister of Health, Dr. Brock Chisholm.

All these Canadians shared a common objective, a very simple one indeed: to build a better world by putting into practice the Charter of the United Nations, which expresses the desire of the peoples of the world to strive for the advancement of humanity. This same objective drives the many Canadian peacekeepers serving with the UN around the world today.

Canada in the Service of the United Nations

The process of reflection of which I have spoken should not be confined to honouring the work of the past. We must be sensitive to the criticisms being levelled at the UN and we must be

prepared to learn from recent setbacks. Canada proceeds on the principle that the international community is resolved to achieve the goals of the Charter and views the UN as one of the best instruments for addressing the world's problems.

The United Nations' continued relevance was demonstrated recently by the indefinite renewal of the Treaty on the Non-Proliferation of Nuclear Weapons and by the firm commitment to maintaining and revitalizing the UN system of international institutions made by the leaders of the G-7 countries and Russia at the Halifax Summit.

The message emanating from world capitals is clear: we must take advantage of this anniversary to confirm and renew our commitment to the UN. Only from such a renewed commitment can the will to reform emerge.

The vision which is to guide us over the next 50 years should draw inspiration from the opening words of the preamble to the Charter of the United Nations: *we the peoples of the United Nations*. It is for them that the UN exists and it is in their interests that we, the governments, must labour. Our efforts must be directed not only towards ensuring human security but also to grounding this security in the freedom of all peoples to live in peace, free of fear, free of poverty, free of injustice, inequality and ignorance.

Canada firmly believes that the pursuit of this goal rests on three fundamentals: conflict prevention, rapid reaction when a conflict does break out, and ongoing support for peace-building efforts.

If we want the UN to keep pace with a changing world, if we wish to restore confidence in its institutions, we must draw lessons from the failures in Bosnia, Somalia and Rwanda, and draw sustenance from the successes in Cambodia, Namibia and El Salvador.

The UN already possesses most of the instruments of preventive diplomacy: economic development programs, mediation offices, investigations into human rights abuses, arms control agreements. At first glance, these instruments appear to have little in common. Taken together, however, they all contribute to conflict prevention. For example, our recent experience in the former Yugoslavia and Rwanda highlights the links between security and human rights. The UN's array of instruments for defending human rights generates an abundance of information that could help us identify and understand potential areas of conflict.

It is imperative that the efforts directed towards preventive diplomacy be accompanied by efforts of similar scope on the rapid reaction front. Canada intends to build on its long experience

in peacekeeping to help the UN improve its rapid reaction capabilities. The tragic events in Rwanda have forced us to ask some serious questions. Why is it that for three weeks Canada was the only country maintaining an airlift to Kigali, while the Secretary-General of the United Nations was trying to organize a United Nations mission? Would not a rapid and measured response by the United Nations have saved the lives of thousands of men, women and children?

These questions and many others prompted our country to undertake a study of how the UN's rapid reaction capabilities could be upgraded. Last week, I had the honour of tabling the results of our study in the United Nations General Assembly in New York. We identified three principles that should guide the UN in its efforts to create a genuine rapid reaction force.

First, we believe that proper preparation for a mission is an absolute necessity. We therefore propose that an operational headquarters be created. It would be responsible for preliminary preparations, which are critical to the success of a rapid reaction operation.

Second, the UN should have stand-by forces placed at its disposal by member states, under the terms of prior arrangements made with those states.

Third, we believe it is essential to maintain and indeed upgrade the training of these forces, improve logistics and transport, and to improve planning throughout the UN system.

This multi-purpose force, which would consist of up to 5000 soldiers and civilians from member states, could be deployed rapidly with the authorization of the Security Council. Obviously, once deployed, it would remain under the command of the operational headquarters.

We must restore the international community's confidence in the United Nations and its ability to respond rapidly to crises. I believe these recommendations will help, provided of course that they are acted upon.

Last week, when I was in New York, I had discussions with foreign colleagues who share our concerns. We met to discuss a common approach and I was highly encouraged by the degree of co-operation among us.

However, preventive diplomacy alone is not enough to secure peace. Rapid reaction alone cannot guarantee peace. Peace is a complex ensemble which must be built one element at a time. Its true foundation is human security.

When preparing for the recent G-7 summit in Halifax, Canada had an opportunity to foster discussion on the role of international financial institutions in human development. It is clear that International Monetary Fund and World Bank initiatives and programs must be better co-ordinated and their consequences on people must be more carefully assessed.

The recent series of UN world conferences on economic and social issues has produced a general blueprint for sustainable development based on a balance between economic and social priorities, with the aim of enhancing human well-being. The impetus created by the Cairo, Copenhagen and Beijing conferences proves to us that the UN is capable of playing a leading role in forging international agreements on development goals, in defending fundamental values, and in satisfying humanitarian and development needs.

Our priority must be sustainable development based on human needs. There must be a clear emphasis on reducing poverty and integrating the poorest countries into the world economy.

The growing gap between rich and poor on the planet is the greatest known threat to peace. This is an unacceptable situation that must be remedied. There can be no peace while there exists wealth that appears obscene in its juxtaposition with abject poverty. However, no country or even group of countries acting alone can hope to work changes on a global scale. We must undertake a truly universal effort.

I would like to stress that the three components I have mentioned — that is, preventive diplomacy, rapid reaction and peace-building — are mutually reinforcing. For any of them to bear fruit, UN member states must assign equal importance to each.

The United Nations is the keystone of our foreign policy. Its values and ideals are the same as those which have forged our identity as Canadians: values of respect, openness, co-operation and dialogue. I am therefore confident that 50 years hence my successor will be able to cite many other Canadians who will have distinguished themselves in the service of peace and the United Nations.

Thank you.

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Statement

95/58

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF
THE INAUGURATION OF PLACE DE LA FAO



QUEBEC CITY, Quebec
October 10, 1995



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Mr. Mayor,
Mr. Premier
Mr. Director General of the FAO,
Mr. Pearson,
Madame Lapointe,
Colleagues,
Ladies and gentlemen:

I am both pleased and honoured to be here today to participate in the inauguration of Place FAO [UN Food and Agriculture Organization] in Quebec City, and in the unveiling of a plaque in honour of the Right Honourable Lester B. Pearson, one of Canada's greatest diplomats and prime ministers.

Mr. Mayor, I believe we can take this opportunity to highlight the important role played by Quebec City in the contemporary history of Canada and the world.

Quebec City is not only the birthplace of the FAO; among other things, it also hosted the allied leaders on two occasions during the Second World War, enabling them to co-ordinate their efforts to liberate Europe and to recognize Canada's importance in the Alliance.

On October 16, 1945, 42 countries met in this city under the chairmanship of Lester B. Pearson, then Canadian Ambassador to the United States, to sign the Constitution and take part in the first Conference of the new Food and Agriculture Organization. In view of the important role that our country would play in building the UN system, it was fitting that Quebec City's name should be linked with the creation of a specialized UN agency.

But Canada's involvement in creating the FAO dates back earlier than the Quebec City Conference of 1945. Two years earlier, in 1943, Mr. Pearson accepted President Franklin Roosevelt's invitation to chair the commission responsible for setting up the FAO.

In 1945 the world had just experienced the worst conflict in the history of humanity. The world's nations were confronted with famine, mass destruction of food reserves, inflation, shortages, the destruction of arable land — in short, the ravages of a terrible war.

Today, with 171 members, the FAO is an international forum without equal. Operating not only in the field of technical assistance, it is also involved in various activities aimed at agricultural development and improving the nutritional value and security of the world's food supplies.

Since its creation on October 16, 1945, remarkable progress has been achieved in this respect. However, we realize that much remains to be done, and many challenges must be faced. Current events remind us that hunger and malnutrition are still with us.

We also know that no one country or group of countries can remedy these serious problems by itself.

More than ever, our world needs strong, credible multilateral institutions capable of meeting the hopes, so high and yet so simple, of mankind. Mr. Director General, you may be assured of Canada's willingness to help the FAO, like the other components of the UN system, to face the challenges confronting it.

As Canadians, we can be proud of our country's unique contribution toward building the UN system. The UN has been, and will continue to be, the cornerstone of Canadian foreign policy. We support it because it represents values we cherish: co-operation, sharing, peace and justice.

Of course, we are not unaware of its weaknesses and shortcomings. But we are taking pains to remedy them. If the international community is responding favourably to our call to reform the UN, it is because it sees Canada as one of its most faithful servants and staunchest defenders. Our voice has been and will continue to be heard, because our participation in all the UN's peace missions has earned us the respect of the international community. Nor can we forget that the concept of peacekeeping operations originated with the vision of Lester B. Pearson, the man we are honouring today.

Although there was no reference to peacekeeping in the United Nations Charter, Pearson proposed that the UN undertake such operations for the first time in 1956, during the Suez Crisis. This earned him the Nobel Peace Prize.

We also know that the only way of successfully facing the challenges before the world, such as securing a food supply and protecting agricultural and natural resources, is to share our strengths and our successes with the peoples of the world. We stand only to learn more by doing so.

Canada has long been a leader in agriculture, fisheries and forestry, and we believe that sharing this knowledge is essential.

For this reason, we are pleased with the fact that, in addition to the FAO ministerial meeting, Quebec City will also host the FAO Symposium, bringing together more than 1000 representatives from governments, the private sector, the NGOs [non-governmental organizations] and academia.

Among those present are representatives from well-known Canadian and Quebec institutions such as Desjardins International Development, McGill University, Laval University and the University of Montreal. We also have the Fédération des Producteurs de bois du Québec, among many others. The expertise

of these stakeholders in sustainable development, natural and agricultural resources is recognized and sought after worldwide.

We believe that hunger is a global problem requiring a solution of co-operation at all levels of society and the international community. Only a genuine partnership that will contribute to the exchange of knowledge will enable us to achieve our objectives of world food equilibrium and sustainable development.

I conclude by taking advantage of this opportunity to reaffirm Canada's commitment to the FAO. This is a commitment not only to reinforce international co-operation for world food security and sustainable development, but to underline our attachment to the basic principles of the United Nations.

The international community must, in a common effort, continue to fight against the scourge of hunger, malnutrition and poverty that has plagued our world for far too long.

Thank you.

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Statement

95/59

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE CANADA-CHINA BUSINESS COUNCIL



MONTREAL, Quebec
October 13, 1995



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Senator Austin,
Mr. Liu Huaqiu,
Mr. Sharp,
Ladies and Gentlemen,

I wish to thank the Canada-China Business Council for their kind invitation. It is a pleasure to be with you here today to help celebrate the 25th anniversary of Canadian-Chinese diplomatic relations.

Canada's bold decision to recognize China in 1970, over some American objections, exemplified an enduring quality of Canadian foreign policy under successive Liberal governments: pursuing an independent approach.

I look forward to hearing from my predecessor, Mitchell Sharp, on the events of 25 years ago that led to the establishment of these relations. No doubt he will offer us a unique "inside view."

Canada took a stand then that everything must be done to decrease China's isolation, to expose it to the cross-currents of international opinion and to work towards eventual Chinese co-operation in solving outstanding problems of international peace and security.

We saw clearly what was necessary: to promote our own national interests and at the same time our interest in global security. This is a dual-track policy, which we continue to pursue today under the government of Prime Minister Chrétien.

Twenty-five years is not long in the history of nations. In that quarter century we have seen immense changes in China, Canada and the world.

China's development over the past 25 years

In the last 25 years we have seen a transformation of the Chinese economy. We have seen a surge in the growth of markets and choices, an explosion of the middle class and a revolution in communication.

China's political role in the world has also evolved dramatically in the last 25 years.

China took its UN seat in 1971. It acceded to a handful of agreements in the 70s but the pace soon accelerated. In the 1980s, China joined the International Monetary Fund, the World Bank and conventions facilitating business, such as the World Intellectual Property Organization. It acceded to the Nuclear Non-Proliferation Treaty in 1992 and supported the indefinite extension of the Treaty this past May.

In regard to human rights, China still has a long way to go. But we must be encouraged by the fact that China participated in the

Conference that produced the Vienna Declaration on Human Rights in 1993 and has just hosted the Fourth UN World Conference on Women in Beijing. Despite all the reservations and everything that was said, that conference was a success.

China has provided peacekeepers to UN endeavours dating from the 1948 UN Truce Supervision Operation between Israel and Egypt and, more recently, on the Iraq/Kuwait border and in Western Sahara.

And although China is continuing nuclear testing, which we in Canada have deplored, we are encouraged by China's support for a commitment to negotiate a Comprehensive Nuclear Test Ban Treaty [CTBT] by 1996.

I don't think there is any doubt that we feel more secure in the world today because China is a partner in international peace and security.

Canada's relations with China in the past 25 years

Let me now turn from this quick view of China's recent development in the last 25 years to Canada's relations with China today.

In the tradition of our policy of engagement, I announced in May 1994 Canada's Four Pillar Policy on China.

The Canadian government intends to secure long-term relations with China on the four pillars of our relationship: economic partnership; the rule of law, good governance and human rights; sustainable development; and peace and security.

We cannot sacrifice one pillar at the expense of another, for they are all mutually reinforcing.

This is the basis for a co-operative partnership and wide-ranging contact. The Canadian government believes that only through systematic and wide-ranging contact will we be able to encourage greater openness in China, broaden China's engagement in the world community and, accordingly, advance Canadian interests.

Economic partnership

Economically, Canada has benefited from the fast growth of the Asia-Pacific community generally, and of China in particular.

Bilateral trade with China has increased at an average annual growth rate exceeding 13 per cent since 1979.

Canadian companies are in the forefront of those becoming part of the Chinese market.

The government of Prime Minister Jean Chrétien is determined to support their initiatives using all available means.

The rule of law, good governance and human rights

For economic partnership to succeed, Canadians must have confidence that within China the rule of law and transparency are respected.

The rule of law must extend beyond institutions to behavioural reality – a legal ethic. Laws on paper are ineffective unless they are enforced. Canada supports changes that reduce the gap between institutions, regulations and organizational behaviour.

One of the ways we will continue to encourage respect for the rule of law, human rights and good governance, but also sustainable development, is through Canada's Development Assistance Programs.

CIDA's [Canadian International Development Agency] China Country Development Policy Framework mirrors that with its themes of economic co-operation, environmental sustainability and human rights, good governance and democratic development.

CIDA is playing an important role by engaging agents of change in China in a constructive manner. Projects as diverse as the training of senior judges, the promotion of women's rights and the development, management and dissemination of statistical information all support good governance.

Sustainable development

CIDA's program also supports China's continuing economic reform and the promotion of partnerships between enterprises and institutions. The bilateral program is complemented by a large and active Industrial Co-operation Program, which assists Canadian firms to pursue joint ventures and other opportunities in China.

In terms of environmental sustainability, the bilateral program is currently developing projects in energy-efficient, clean production and the sustainable development of the resource-rich Tarim Basin.

Peace and Security

China can and must play a critical role in ensuring global peace and security. Canada welcomes China's participation in the institutions concerned with global governance. We encourage China to give full play to its ability to become a positive force in the world community.

The ASEAN [Association of Southeast Asian Nations] Regional Forum [ARF] is an excellent example of how Canada can work with China to advance peace and security on a regional level. The ARF represents a significant step for a region that has no tradition of multilateral dialogue on security questions. Canada and China are members as "dialogue" partner and "consultative" partner respectively. We can work in such institutions to encourage a constructive Chinese approach to such issues as the dispute over the Spratly Islands.

In this regard, Canada, in co-operation with Indonesia, is playing a major role toward achieving a negotiated settlement to this dispute.

Conclusion

Interdependence is not just a nice idea, but an absolute reality in today's global environment. Our prosperity and the prosperity of our children depend on Canada's ability to interact positively with the world around us – to gain from what the world has to offer us and to contribute our own substantial skills and resources. Nowhere is this more true than in the case of China.

Therefore, engagement is our China policy.

The foresight of Prime Minister Trudeau and Mitchell Sharp launched us on that policy.

In this world of instant communication, real understanding requires patience, persistence and a willingness to listen. Trust is based on understanding, and influence comes from trust.

Engagement to us means contact, consultation, dialogue and exchange. Only through engagement can we inform, advocate, understand, persuade and influence. These are the methods Canada chooses to employ. In the long run we believe they are the most effective in encouraging change.

Just as 25 years ago Canada chose to engage China as a means to open it to the world, so now we continue to work further with China as partners to address today's challenges of global peace and security.

Thank you.

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Statement

95/60

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-CHINA BUSINESS COUNCIL'S
ANNUAL GENERAL MEETING AND CONFERENCE



MONTREAL, Quebec
October 14, 1995



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It is a great pleasure to speak to you today. The events of the last two days will have left none of you in any doubt as to the commitment of both Canada and China – at the highest levels of our leadership – to our valuable bilateral relationship. This is the third time as Minister for International Trade that I have had the pleasure of addressing your conference. I spoke in Vancouver in 1993 and in Beijing during the Team Canada mission last year. We have together reviewed the importance of the Canada-China trading relationship. We have together witnessed the burgeoning opportunities of the Chinese market.

The Canada-China Business Council has played a vital role in this process. Your efforts have contributed significantly to building the Canada-China economic relationship. Your practical advice has guided the Government's efforts to strengthen the environment in which trade and investment between our two countries can flourish.

That includes Canada's consistent support for China's efforts to open its market by extending it most-favoured-nation trading status. That also includes our active support for China's early accession to the World Trade Organization [WTO]. Our focus has always been on enhanced access for Canadian goods and services.

The accession of China to the WTO is one of the key issues that will govern Canada-China trade and investment ties in the time ahead. I hardly need remind you of the weight of China's presence today in the world economy or its importance to Canada. The size of China's economy has quadrupled since 1980, with annual growth averaging 9 per cent. It is now the world's 11th-largest trading nation.

In the past decade, China's exports to Canada have grown by 27 per cent annually. Canada's exports to China have increased by 14 per cent annually. Last year they were up by one third. They have surged by a further 50 per cent in the first six months of this year. This is an outstanding performance, but only a foretaste of what is yet to come. We are determined to meet Prime Minister Chrétien's challenge, issued in Beijing last year, to achieve \$20 billion in business annually with China by the year 2000. And that's not taking into account the burgeoning growth in our trade with Hong Kong.

The establishment of the World Trade Organization on January 1 was a momentous achievement for the international community. Its importance to the future of world trade can hardly be overstated. The WTO realizes a dream to create an effective referee over the frequently turbulent, sometimes dangerous and always demanding competition of world markets.

It is of concern, however, that China, a country of such magnitude, is not a full partner in the World Trade Organization. China is an increasingly important supplier to world markets. China is also an increasingly important customer, not least, as I

have already pointed out, to Canada. In broader geo-political terms, China is a growing player on the world stage. China's absence from this key international institution leaves a large gap in the architecture of the multilateral trading system that could limit its potential.

It is certainly in the interests of Canada and other members of the World Trade Organization, as well as China, that this deficiency be rectified.

The economic history of the second half of the 20th century is, in good part, the history of progress toward greater economic security, through the strengthening of international trade rules. In successive rounds of trade negotiations since the end of the Second World War, concluding with the successful completion of the Uruguay Round in 1993, the world's nations have painstakingly built a structure of international trade law, to supplant the rules of the jungle with the rules of the road.

Alert to the damaging and self-destructive exertions of brute economic force, the nations of the world have pressed forward to strengthen, in the international arena, the stability of rules-based behaviour that many have long enjoyed domestically. Not — I must say — without occasional hesitations, doubts and backsliding among participants, the advantages of the multilateral trading system have been realized by large and small nations alike. For proof one need only look at the sheer volume of international trade, which has expanded exponentially in this half-century, to fuel the growth of both established and emerging economies.

International law provides a solid framework to govern relations among parties who must, of necessity, deal with each other. A system of rules provides fairness and predictability. Buyers and sellers can face each other, not with suspicion, not in the fear that everything is up for grabs, but knowing instead that fundamental rules apply. Rules instil confidence. They also expedite deal-making.

Recognition of the value of the multilateral trading system lies at the heart of Canada's support for the World Trade Organization, the establishment of which was one of the cardinal achievements of the Uruguay Round. Canada and our WTO partners wish to see China as a full participant in this new and vital world economic institution.

Ultimately the objective for Canada and other WTO members in pursuing China's accession is to win more open access to the Chinese market and to secure a more predictable business environment for traders and investors. That is why China's accession to the World Trade Organization is relevant to every Canadian firm doing business with Chinese partners. At the same

time, WTO membership is clearly in China's interests, which the Chinese leadership has recognized by pursuing membership in the Organization.

The negotiations on the eve of the establishment of the WTO late last year did not succeed. They fell short of their objective for a number of reasons, but in general, although China has implemented extensive economic reforms, the Chinese system is still not as open or as transparent as WTO membership requires.

It is a worthy adage, tried but true, that anything worth doing is worth doing well. That is why Canada and fellow WTO members are prepared to work hard to see that the accession negotiations eventually succeed on terms satisfactory to all. Canada was encouraged by the progress made at, and since, the resumption of negotiations in May.

I should note that in approaching these talks, the Government of Canada has depended heavily on the advice provided by the private sector. As in all our trade negotiations in recent years, the Sectoral Advisory Groups on International Trade have played a key role in devising our market access goals.

On the accession negotiations governing market access issues strictly between Canada and China, we are seeking improved access for goods of particular interest to Canada, ranging from – but not, I stress, limited to – newsprint to road graders to power-generating equipment. On the services front, we are currently focussing on providing wider access to China's financial and advanced telecommunications services markets.

These negotiations take time. They must be approached with care. China may, for example, offer a lower tariff on wholly manufactured widgets.

But on close examination, negotiators discover that the right to import such widgets is restricted to only a few enterprises or that a quota applies or that a sanitary or safety requirement – perhaps not justified – erects an impenetrable barrier. Any of these measures are trade-distorting. They must be measured against the benchmark of WTO rules to determine whether they are compatible with these rules. This process is a complex one. But we must get it right. Ultimately, the terms of accession must provide the degree of fairness and predictability expected by all.

There is still a long way to go. Additional talks are scheduled for November. We look forward in time to a result that will mean more certainty for business and a freer flow of goods and services with the Chinese market. We continue to examine closely the ways in which the Chinese trading regime is still

incompatible with WTO rules. The value of a rule book is that all members are bound by and play by the same rules.

That has been a fundamental objective of the multilateral trading system. And it clearly informs Canada's strategy in the accession negotiations.

China's accession to the WTO on the right terms will ensure a more predictable environment for Canadian companies. Canada will do what is necessary to attain that goal. It is expected that China will also do so.

As significant as China's World Trade Organization membership will be, it is in fact only a minimum requirement for China's future and full participation in the multilateral trading system. The momentum toward the further removal of trade barriers and greater trade liberalization worldwide, propelled by the Uruguay Round and accelerated by regional trade agreements such as the North American Free Trade Agreement [NAFTA], demands China's involvement beyond membership in the WTO.

A year ago, in Jakarta, Indonesia, the countries of the Asia-Pacific Economic Co-operation [APEC] forum committed themselves to reaching a comprehensive free trade agreement no later than the year 2020. The fact is, for that commitment to have meaning, China must first of all meet the fundamental prerequisite for participation: membership in the World Trade Organization. No progress can be made toward enhanced free trade unless there is first full adherence to the foundation accord upon which all regional agreements are based.

One cannot underestimate the importance of the APEC commitment. The region has become the focal point of immense shifts in the global economy. The continued growth of Japan, Korea, Singapore, Taiwan, Hong Kong, Indonesia, Thailand and Malaysia have transformed not only the region's economy, but the world's.

And APEC is an important bridge between the NAFTA and the emerging economies of the Americas and the rapidly developing Asian economies. APEC will reduce the possibility of a fault line through the Pacific arising from regional integration within Asia or by the extension of free trade throughout the Americas. Full Chinese involvement in and commitment to APEC is essential.

Good trade agreements foster good economic relations. They do not create them. The real substance of Canada-China economic ties is in the multitude of transactions between Canadian companies and their Chinese counterparts. And close examination shows an important and positive change in the nature of those transactions over the last decade. Rather than commodity-based, they are becoming, increasingly, manufactured products, with more value added in Canada.

And rather than trading goods at arm's length, Canadian firms, large and small, are investing, establishing joint ventures, installing Canadian-designed technology and, in summary, establishing multi-faceted business ties that place Canada firmly inside the Chinese market.

It is to assist these companies – and their employees and the many Canadian communities in which they are based – that trade agreements are negotiated.

Achieving China's accession to the World Trade Organization is therefore a matter of high priority for Canada. In the long run, it is inconceivable that a nation, constituting one-fifth of the world's population, which in the next century may become the world's largest economy, should not be part of this key world institution.

Just as it was unthinkable, 25 years ago, that China would remain outside the United Nations, it is equally preposterous – especially in today's increasingly integrated global economy – that China should remain for long outside the World Trade Organization. Twenty-five years ago, Canada played a leadership role in helping China reintegrate within the community of nations. Today, we hope to play a similarly constructive role in achieving China's reintegration within the evolving multilateral trading system.

Thank you.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF
THE INAUGURATION OF PLACE FAO



QUEBEC CITY, Quebec
October 10, 1995



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Mr. Mayor,
Mr. Pearson,
Mr. Premier,
Mrs. Lapointe,
Mr. Director-General of the FAO.

Allow me to congratulate the authors of this initiative and to pay tribute to the artist and his assistants who have produced an exceptional work that is a credit to Place FAO (UN Food and Agriculture Organization). I am especially pleased to be taking part in this ceremony held, on the one hand, to inaugurate Place FAO in Quebec City, and on the other, to unveil a plaque in honour of the Right Honourable Lester B. Pearson, one of Canada's great diplomats and prime ministers.

Mr. Mayor, I believe we can take this opportunity to celebrate the important role played by Quebec in the contemporary history of Canada and the world. Quebec is not only the birthplace of the FAO; it also hosted the allied leaders during the Second World War, enabling them to co-ordinate their efforts to liberate Europe and gaining recognition for Canada's importance in the Alliance.

Concerning the FAO, on October 16, 1945, 42 countries met in this city under the chairmanship of Lester B. Pearson to take part in the first conference of this new organization for food and agriculture.

In 1945, the world had just emerged from the worst war in its history. The world's nations were facing the spectre of famine, mass destruction of food reserves, inflation, shortages, the destruction of arable land - in short, the ravages of a world war. Today, with 171 members, the FAO is an international forum without equal. Operating not only in the field of technical assistance, it is also involved in various activities aimed at agricultural development, improving the nutrition of people around the world, and enhancing the security of the world's food supplies.

Since its creation, remarkable progress has been achieved. However, we realize that much remains to be done, and many challenges must be faced. Current events remind us that hunger and malnutrition are still with us. This is why this week and in the coming days, in addition to the FAO ministerial meeting, Quebec City will also host a symposium, which will bring together more than 1000 representatives from governments, the private sector, non-governmental organizations and academia. Among those present will be representatives from many well-known Canadian and Quebec institutions including Desjardins International Development, McGill, Laval and Montreal universities, and the Fédération des producteurs de bois du Québec. The expertise of these stakeholders in the sustainable development of natural and agricultural resources is recognized and sought after. We believe that hunger is a worldwide problem whose solution requires co-operation at all levels of society and the international community.

Only a genuine partnership that will contribute to the exchange of knowledge will enable us to achieve our objectives of world food equilibrium and sustainable development. It is my hope, Mr. Secretary General, that this conference being held in Canada, in the province of Quebec, will be a success and will help to advance your organization's objectives.

Now, in closing, a few words about Lester B. Pearson. His son has given us a sketch of both his diplomatic and political contributions. Allow me to point out, first, that Mr. Pearson was a visionary who, both in the United Nations and in Canadian politics, brought new life to everything he touched. The creation of the FAO, the first specialized agency of the United Nations, a few days before the creation of the United Nations, was in itself an extraordinary initiative.

Mr. Pearson's second outstanding initiative was the idea of having peacekeeping forces serving the United Nations, military forces who would keep peace in the world rather than fight wars. But perhaps Mr. Pearson's most remarkable accomplishment was his teamwork with Premier Jean Lesage, a colleague who served with him under Prime Minister Louis St Laurent. Mr. Lesage in Quebec and Mr. Pearson in Ottawa did some things that substantially changed the face of Canada and of Quebec. Before Mr. Pearson, Francophones outside Quebec had little influence, while economic life in Quebec was dominated by Anglophones. But under Mr. Pearson, and of course through the initiatives of the Quebec Premier, Francophones began more than ever to control economic affairs in Quebec – even to the point where our present Prime Minister thinks that some have too much power and say too much! But one thing is certain: Prime Minister Pearson, understanding Quebec as he did and allowing Quebec to do things in a distinct manner, enabled the Quebec government and its institutions to develop and to help Quebec's business people really take charge of their economic destiny.

Through his policy of bilingualism throughout Canada, Mr. Pearson made it possible for the million or so Francophones outside Quebec to prosper and to assume an increasingly important role. Today thousands, even tens of thousands of Anglophone students are in French immersion. Considerable progress has indeed been achieved since Mr. Pearson introduced the concepts of co-operative federalism and bilingualism. All that he did was done out of respect for others and out of a keen desire to understand and accept those who did not necessarily share his views. Lester B. Pearson was a prime minister who worked for the whole population, for those who had something to say, whether they agreed with him or not. Mr. Pearson was a great man, and I am very pleased that the Mayor of Quebec has given me an opportunity to participate in this ceremony paying tribute to him.

Thank you.

Statement

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Even after the multilateral trade system's great leap forward in 1993 – marked by the successful conclusion of the Uruguay Round and the creation of the World Trade Organization [WTO] – the issue of regionalism refuses to go away. Thirty years ago the European Community stood out as a unique experiment in regional integration in a trading system otherwise dominated by the GATT [General Agreement on Tariffs and Trade]: today it seems almost commonplace in a world of NAFTAs [North American Free Trade Agreement], TAFTAs [Trans-Atlantic Free Trade Agreement], APECs [Asia-Pacific Economic Co-operation forum] and FTAAAs [Free Trade Area of the Americas]. Some one hundred bilateral or regional groupings had been identified by the World Trade Organization as of last year, and almost each month brings word of an additional or expanded alliance. It is a process which seems sharply at odds with the stately, almost Cartesian, unfolding of successive GATT Rounds since 1947. This dynamism, in creating additional regional or sub-regional arrangements, gives rise to the fear among some that the global trading system may be in danger of unravelling – resembling Yeats' vision of the Second Coming, "Things fall apart: The centre cannot hold; mere anarchy is loosed upon the world."

Yet so far regionalism has not created an Orwellian world of warring trade blocs. Building blocks would be a more apt metaphor in a trading system that has had to become more sophisticated – and more complex – as a consequence of greater economic interdependence. This complexity is reflected in the diversity of regional groupings themselves. The European Union [EU] remains the most ambitious undertaking, with its broad scope and supra-national powers. Although the NAFTA is less ambitious, here too members have pushed forward in such areas as investment and services where our degree of economic integration seemed to call for a more comprehensive regime than the WTO could provide. The level of sophistication possible in an FTAA or APEC will be different again, if only because of the wide disparity in economic systems. Yet the basic idea remains the same: that regionalism offers a way for countries to resolve issues that would be more difficult to resolve in the wider WTO context.

However, the search for broader and deeper rules does not alone explain the current explosion of regionalism. There are more powerful forces at work. Globalization has placed irresistible pressure on all economies to liberalize – unilaterally if necessary, multilaterally if possible. In a world where technology and capital move freely in search of the highest return, protectionist barriers have become so many self-inflicted wounds – a sure way of isolating oneself from the emerging global economy. Countries rush into free trade arrangements to increase their competitive edge, only to find others joining the race for fear of losing their access to investment, technology and markets. So far the United States has been the most powerful force pushing for deeper regional arrangements through its recent initiatives across the Pacific and in Latin America. But the European Union has also been seeking to expand its own spheres of

free trade in Central and Eastern Europe, North Africa and South America, while countries such as Canada, Australia, Chile, Brazil and others have been equally active players at the regional and sub-regional level. Many of these initiatives reflect a wider process of competitive liberalization – all are being driven by a private sector often well in front of the policy makers.

Regionalism has not slowed the advance of worldwide liberalization; it has accelerated it. The removal of barriers within regions has made member economies more competitive which, in turn, has made domestic industries and interest groups more willing to embrace additional global liberalization. Regional agreements have also been crucibles for innovation and experimentation, the results of which have frequently spilled over into other forums. Witness how the European Community's work on government procurement impacted on the Tokyo Round; or how the Canada-U.S. Free Trade Agreement's investment provisions influenced thinking in the Uruguay Round. Most important, regionalism has been a source of creative tension in the global system as a whole, forcing the pace of other regional and multilateral initiatives. It is not coincidental that the Kennedy Round moved forward with the creation of the European Community, the Tokyo Round with the Community's first enlargement, and the Uruguay Round with the Single Market initiative and with the NAFTA.

Yet the very dynamism of this process can also pose serious challenges to the coherence and stability of the global economy if regionalism begins to dwarf the more fundamental multilateral system. If we fail to answer how the blocs relate to one another and, more important, to the World Trade Organization, then there is a real danger that "Things fall apart." At a minimum, there are the unavoidable administrative problems generated by an increasingly tangled web of bilateral and regional trade agreements. Exporters already navigate a maze of preferential tariffs – tariffs which are often low to begin with, and which can impose transaction costs on businesses out of all proportion to the purported benefits to protected industries. Byzantine content requirements and restrictive rules of origin appear even more anomalous at a time when the global integration of production, distribution and investment is blurring the nationality of firms and products. How, for instance, can we presume to determine if a Canadian-built Honda automobile has 62.5 per cent domestic content when we cannot answer the basic question "Who is us"?

A more fundamental concern is the one identified by my distinguished compatriot, Sylvia Ostry: the issue of system friction. As we strip away external barriers to trade, we begin to expose societal differences – in our financial systems, legal norms, even governmental structures – which can influence market access. Where once trade policy was about regulating commercial

relations among national economies, principally through the negotiations of border tariffs, it is now about establishing the ground rules of a transnational economy in areas that were once quintessentially domestic: standards and regulations, investment, and competition policy. Yet it is precisely because these issues cut deeply into traditional notions of sovereignty, and raise important questions about the fabric of our societies, that they are proving so difficult to resolve. Globalization is a great leveller. Fierce competition among economic systems, as well as among economies, is exerting huge pressure for structural convergence. In this sense, market forces may gradually blunt the sharper edges of system friction. But relentless pressure for harmonization will itself be a source of tension in the years ahead – as demonstrated by the way that the current debate over global capital markets or international labour standards is being played out at the domestic level. The concern is that regional integration may entrench systemic differences – in standards, in regulations, in competition laws – making these issues that much more intractable at the global level.

Efforts to resolve deeper systemic friction will, almost by definition, have to advance on an inter-regional – as much as an intra-regional – basis. Thus, a robust multilateral system remains of central importance, in part to manage relations among the blocs. Yet the question remains: how can the World Trade Organization play that role effectively – how can it continue to provide stability to the international order – if it is being overshadowed by increasingly integrated and powerful regional arrangements? The wider the gulf between multilateral and regional agreements, and the more fragmented the system, the more difficult it will be to identify a common ground of rules and procedures. The more our economic interests are defined regionally to the exclusion of the multilateral order, the more difficult it will be to assemble a critical mass of countries willing to move ahead. Although the Uruguay Round adequately addressed the issues of 1982, there is a growing need to address the issues of 1995 and beyond – a need that risks being filled by regional arrangements alone. The recent U.S.-Japan clash over automobiles reveals how powerless even a strengthened dispute settlement mechanism can be when it is not clear that the rules exist.

It is unlikely that any attempt to impose additional restrictions on the growth and structure of regional arrangements will by itself solve the issue of coherence in the global economic system. Nor is it clear that such restrictions are desirable when regionalism can be such a powerful engine of liberalization. A better approach would be to recognize that the fundamental issue is not regionalism itself but the need for the multilateral system to keep pace with global and technological change, and to concentrate on building a consensus to move ahead. At a minimum, there is a need to demonstrate progress on the "built-in agenda"

of the WTO, especially after we stumbled so badly over financial services. Myopia or, worse, complacency will not only weaken our chances of progress in the future negotiation of telecommunications, government procurement or rules on technical barriers; it will further weaken the credibility of the WTO system as a whole.

The first WTO ministerial conference in Singapore at the end of next year is also emerging as a critical litmus test. There is a growing expectation that this first ministerial meeting will outline a forward-looking work program for the new organization, if not launch a new Round. One issue on the agenda should be further work on standards and technical barriers to trade (TBTs). With the reduction of barriers at the border, these internal "walls" have become the next refuge of protectionism. A second critical area is investment. The OECD [Organization for Economic Co-operation and Development] has taken an important step forward by launching a new negotiation for a Multilateral Agreement on Investment (MAI). But if anything is truly "globalized" in the international economy, it is investment. We have yet to answer the critical question of how a narrower OECD agreement can be translated into the wider global instrument we need. The third interconnected issue is trade and competition policy. Although there is a growing consensus that global rules are needed in competition policy, there is little agreement over the form such rules might take. We first need to do the intellectual spadework in forums such as the OECD and the WTO. It took the trade policy community two decades to grapple with agriculture – there is no sign that the structural issues raised by competition policy will be any less complex. And as we learned with agriculture, none of these issues can be solved as separate problems in separate forums at separate times – each forms part of a seamless progression towards freer trade.

Finally, a forward-looking agenda would be incomplete unless it includes, as an objective, the elimination of remaining barriers at the border. If we have already agreed to the elimination of tariffs in Europe, in the NAFTA, in the Western Hemisphere, in APEC, in Mercosur, and possibly across the Atlantic, it does not require a huge leap in logic to envisage a world without tariffs. Among other things, moving beyond tariffs would resolve many of the conflicts that arise between regional and multilateral systems. The problem of multiple rules of origin would obviously disappear; so too, in some respects, would the conflicts associated with MFN [most-favoured-nation] and Article XXIV of the GATT. Reflecting the commitments already made in existing agreements, why not contemplate in the WTO the elimination of all industrial tariffs by specified dates – first, perhaps, among industrialized economies, next among other APEC and FTAA members, and finally for the rest of the world? Singapore is as good an occasion as any to begin to sketch out the vision of global free trade. It is certainly time to acknowledge that the age of the

tariff is finally ending, and to get on with more pressing business.

Even with an ambitious WTO work program, regional agreements will remain a central feature of our economic landscape. The point is that regionalism and multilateralism do not have to be irreconcilable. Bilateral, plurilateral and regional deals are necessary to resolve many of the complex issues and relationships associated with deeper integration, which cannot yet be tackled directly in the WTO itself. At the same time, a strong multilateral architecture is necessary to provide coherence to the system as a whole and to prevent regionalism from spinning out of control. The key is to ensure that regional arrangements build upon the multilateral system – providing deeper levels of rule making – without acting as alternatives. They must be trade-creating, not trade-distorting. And they should be fundamentally open to any country prepared to accept deeper levels of discipline and integration. In other words, regionalism should be multilateralized whenever possible.

We also need to focus on the question of how the various blocs interact and how, when rules and structures overlap, common threads might be drawn together. Is there potential for new kinds of trans-regional arrangements that can provide bridges between the blocs – what I have described elsewhere as a form of WTO plus? Already a step has been taken in this direction with the decision to negotiate a high quality investment agreement in the OECD. Similarly, deeper integration in areas such as standards, telecommunications, or competition policy could prove more manageable in a transatlantic context. We are perhaps reaching a point in economic relations where geographical proximity is becoming less salient to economic integration than structural symmetries. We are also reaching a point where rule making will concentrate increasingly on the deeper co-ordination of government policies and regulations – a process which, in theory, does not imply preferential relationships so much as harmonized relationships. Should we be examining how agreements of this type might be incorporated better into the WTO system?

Regionalism should not be an end in itself; it should contain the seeds of its own destruction. Although regionalism is helping to push the trade agenda forward in a manner and at a pace not easily achieved in the traditional multilateral framework, it is worth asking ourselves where all of these disparate paths are leading. Perhaps the rapid expansion of the NAFTA, APEC and the EU does not signal the triumph of regionalism. Perhaps expansion is a sign that regional blocs must ultimately build towards a more comprehensive regime. Perhaps we shall wake up in the middle of the negotiation of a Multilateral Agreement on Investment or an APEC and realize that we are already launched on the next Round – or whatever it will be called. The fact remains that global firms operating in global markets sooner or later

need global rules. As we move inexorably towards greater global liberalization and integration, we are slowly rendering less relevant notions of regional exclusivity. After all, in the world of truly free trade, preferential regions melt away like the snows of yesteryear.

In a sense, the most pressing problem we face in managing the global trade system is not really one of rule making but one of ruling. The age of *Pax Americana*, at least as regards global trade, is over. For a variety of economic and strategic reason, the United States has served notice that it is no longer in the business of making the world safe for the GATT; that henceforth it will view the multilateral system as merely one vehicle – albeit an important one – for achieving its market access goals. Nor does the EU or Japan seem any more willing or able to pick up the leadership mantle. And of course all three leading economies are "diminishing giants" in the face of an ascendant developing world. The question, then, is how are we going to assemble the critical mass to move ahead? Who shall lead?

Yet in the end, we can remain cautiously optimistic about the future of the global system. I do not wish to over-state the quintessential liberal notion that free trade among countries necessarily leads to peace and harmony. As Great Britain and Germany demonstrated before 1914, mutual dependence can also be a source of friction – the ties that bind can also chafe. Nevertheless, our growing economic interdependence is having an impact on our relations with one another. We are discovering that deeper economic association is possible only on the basis of stronger political co-operation and consensus. If nothing else, a cool appraisal of our economic interests – as much as the rules we weave – may persuade the global community to find a way forward.

Thank you.

95/63
Statement

95/63

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT A CEREMONY MARKING
THE 50TH ANNIVERSARY OF THE UNITED NATIONS,
ORGANIZED BY THE CANADIAN UN/50 COMMITTEE

OTTAWA, Ontario
October 24, 1995



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Canada can be proud of the progress accomplished by the UN to improve the fate of millions around the world.

We can also be proud of our contribution to these efforts. We were, as I stated before, one of the first signatories of the Charter. But it was also a Canadian, the late John Humphrey, who wrote the first draft of the Universal Declaration of Human Rights in 1948.

And it was my predecessor, Lester B. Pearson, who helped usher the UN into adulthood. Among his valuable contributions to the UN, undoubtedly the most visionary were his proposals to help set up the first peacekeeping operation in 1956, during the Suez Crisis. Since then more than 100 000 Canadians have served in over 30 peacekeeping missions around the world – aside from our contribution to the Korean War. Today I want to pay tribute to those who have served and those who have died in the service of peace and of the United Nations.

Canada has worked through the UN to fight for the rights of the poor and the underprivileged, to promote respect for the environment and to push for disarmament. We have consistently been one of the largest suppliers of food aid. We have assisted in election monitoring missions in many parts of the world.

The International Civil Aviation Organization is based in Montreal. The Food and Agriculture Organization was founded in Quebec City and just last week celebrated its anniversary by holding a major conference there. Canada has played a leading role in the International Atomic Energy Agency as well as in many other UN specialized agencies. And last year, Canada put forward a bid to host the permanent Secretariat for Biodiversity in Montreal.

We have served on the Security Council in every decade since the UN was created, and we have recently declared our intention to run for a Security Council seat for the 1999-2000 term.

As we stand here today at the beginning of the next chapter in UN history and on the threshold of the 21st century, I am pleased to state that Canada remains firmly committed to the United Nations and its goals.

Indeed, I had the honour of addressing the United Nations General Assembly in New York last month, and on that occasion I outlined what Canada believes should be the UN's main priorities for the years ahead.

We believe the UN should pay particular attention to three main objectives: preventive diplomacy, rapid reaction and peacebuilding. All the components of the UN system must help identify and resolve tensions before they degenerate into conflict. When preventive diplomacy efforts fail, the UN must be able to intervene quickly

and effectively on the ground. In New York I had the honour of tabling Canada's report on how to increase the UN's rapid reaction capability, and we are encouraged by the positive attention given to our recommendations. Alongside these efforts, the UN must continue its ongoing work of peacebuilding, and it must articulate a vision of development centred on the individual – a vision that balances economic and social agendas for the purpose of improving the well-being of society.

Just as the world has undergone many changes since 1945 and has had to adapt to new requirements, modern technology and fiscal restraint, so must the United Nations greet its future with a strategy for renewal to meet the challenges of the next century. Canada will continue to hold out its hand to the UN, to help ensure that the General Assembly, the Security Council, indeed the whole UN family are best able to meet the needs of the future in a co-ordinated, efficient and fiscally responsible manner.

The UN has accomplished great things in its first 50 years. There have, of course, been setbacks. But we can make the UN better.

The UN at 50 should take stock of what it has done, how it has done it and how it can do things better. We must look back and reflect on the spirit that carried the architects of the UN forward. Their vision was bold. Their challenges were great. Today, we are faced with universal problems that threaten the achievements of the last 50 years.

But unlike 50 years ago, we have a proven universal mechanism that can help us meet those challenges.

Let us make it stronger and better. That is the challenge of the next 50 years.

Allow me to conclude my remarks by thanking the Canadian UN/50 Committee for its outstanding work and in particular the able leadership of the Chairman of the UN/50 Committee, Douglas Roche, and the President of the UN Association in Canada, Dr. Michael Oliver. Their efforts – and those of all involved with the UN/50 Committee and the UN Association in Canada – have greatly helped the Government of Canada to inform Canadians across the country of the importance of the UN, not only for us but for all the peoples of the world.

Indeed, it came as no surprise to me to hear that the Canadian UN/50 Committee was one of the most active and successful of its kind in the world.

I am sure that when our successors plan the 100th anniversary of the UN, they will look to the Canadian UN/50 Committee as a model.

Thank you.

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Statement

95/64

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE HONG KONG-CANADA BUSINESS ASSOCIATION



MONTREAL, Quebec
October 24, 1995



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I am pleased to have this opportunity to address the Hong Kong-Canada Business Association. I am very well aware of the high energy level and innovative initiatives your Association is renowned for, and I am honoured to have been asked to speak to you today.

I would like to begin by talking about the importance our government is placing on our trade agenda. I will then specifically focus on Canada's trade with and through Hong Kong. Finally, I will endeavour to examine how we can sustain the dynamism of our bilateral partnership in a global setting and through the changes we will see in the near future.

A key part of my job as Secretary of State (Asia-Pacific) is to enhance Canadian export opportunities to the region. As our government has clearly demonstrated during the two years we have been in office, trade – exports, investment and technology transfer – is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

I am convinced that our government's focus on the Asia-Pacific – and our explanations to Canadians for that focus – is perhaps the best example to Canadians of our government's Red Book philosophy. In short, exports create jobs and jobs create wealth for Canadians, thus helping to reduce the deficit and to maintain many of those programs, such as health care, that have made our country the envy of the world.

Growth rates in much of Asia-Pacific during the 1980s were more than twice as high as the rest of the world. Asia's share of world income could rise from 24 per cent in 1989 to 35 per cent by 2010, and to over 50 per cent by 2040. Canadian businesses must prepare themselves to capitalize on the opportunities presented. Our success as a nation will increasingly depend upon our ability to achieve greater access to Asian markets and to develop initiatives that will result in the provision of the greatest possible competitive advantage to Canadian exporters. The Prime Minister appointed me to be his point man in these efforts and I am pleased that in this regard, Canadian exports to Asia-Pacific countries last year rose 19 per cent to \$19.8 billion, the highest ever. Two-way trade is now valued at \$48 billion, a 15 per cent increase over 1993.

Our trade with Hong Kong, with less than seven million people, stood as our 11th-largest export market in the world. Already our exports grew 89 per cent in the first six months of 1995 – a tremendous record!

Investment from Hong Kong continues to be strong, around \$4 billion annually. Much of it is associated with the continuing high flow of business and other emigrants to Canada – by far the destination of

choice for people leaving Hong Kong. And no, the investment is not only in real estate. It is in the job intensive sectors of electronics manufacturing, telecommunications, textiles and tourism – the kind of industries we want to grow if Canada is to achieve its prosperity and employment goals.

Residents of Hong Kong hold \$20 billion in Canadian securities. There are up to 50 000 people of Canadian citizenship living in Hong Kong and there are at least 75 Canadian corporations, all major Canadian banks, and several insurance companies located in Hong Kong.

With the exception of the United States, the depth of economic integration between Canada and Hong Kong and the physical presence in each other's territory exceeds any relationship we have. To me, it sets a standard for the kind of ties we need to other countries in the Asia-Pacific region. We can't just be occasional visitors and curious onlookers. We must be there, and the record of our success in Hong Kong shows why.

Indeed, the Canada-Hong Kong connection is the kind of partnership we need everywhere these days if we are to succeed in this incredibly competitive global environment. Canada-Hong Kong business shows the advantages of a relationship moving ideas, messages, people, services, goods and capital back and forth freely, quickly and accurately in response to rapidly changing requirements.

There are other ways Hong Kong sets the pace for what we must do throughout the region.

Hong Kong students account for over 20 per cent of students arriving from Asia-Pacific, and the region provides over one half of the overseas students from all sources.

This is good for Canada. Not only does each student pump in an average of \$30 000 a year into the Canadian economy, they become, in future years, advocates for Canada in Hong Kong. They become our contacts and, in many cases, our partners in business, government, education, culture and the media.

For this reason, we want to learn from our Hong Kong experience in what some have called "the internationalization of education" and promote our educational and training services in other Asia-Pacific countries. This is a theme the Prime Minister and I will be highlighting in our upcoming trip to South and Southeast Asia in January.

Yet, concerns exist over Hong Kong's future as it prepares to become a "Special Administrative Region" (SAR) of China in 1997. Hong Kong is very high on our government's agenda and there are two big challenges facing us. We must endeavour to ensure a smooth, peaceful and harmonious transition to Chinese sovereignty, and we must ensure continuity through the transition. Our government is sparing no

effort to make this point to the government in Beijing. In this regard, we are encouraged by recent co-operation between Great Britain and China — including on the Court of Final Appeal. This is evidence that both sides can devise creative measures to tease the transition while respecting the Joint Declaration and the principles of both countries.

We want Hong Kong to remain a vibrant player in the world and a principal centre of the new Asia-Pacific. Investors and traders need this confidence. And China needs this confidence as much as the investors and traders if they too are to succeed in the global economy.

We want Hong Kong to preserve the basic human rights and freedoms of its citizens, supported by the continuation of the kind of rule of law that has so benefited the growth of the territory in the past. Once again, the agreement to establish a Court of Final Appeal early in the summer was a good step in the right direction. It will help preserve the continuity of Hong Kong's Common Law. The recent move to facilitate transition in the civil service is also helpful.

Above all, and of special importance to the members of the Association, we want Canadians of Hong Kong to be able to continue to travel, to work and to live in Hong Kong as freely as they currently do. This is something on which we continue to seek clarification from the Chinese authorities. While their assurances of non-interference and facilitation are welcome, we continue to press for detail on specific arrangements to secure their status, that of their families and their business interests.

These matters continue to preoccupy us but, overall, I am a "cautious optimist." I believe we can look forward to a reasonably smooth transition but, as they say, the devil may be in the details and, even if the details are worked out, what really counts is how international business reacts.

Much of the responsibility for a successful transition rests on the Chinese leadership. China has the potential to become a force in world production, trade and finance. Hong Kong is a window on the global economy and the Chinese government must properly utilize Hong Kong for two significant reasons: first, in order to sustain the momentum of Chinese development and second, to achieve its potential for regional and global leadership.

These are some of the challenges we and other members of the international community face in regard to Hong Kong's future. Nevertheless, I am confident that Hong Kong will continue to prosper and the relationship between the people of Canada and the people of Hong Kong will continue to grow by leaps and bounds. Indeed, to me, the Canadian success in Hong Kong is just one more advantage of being part of "Team Canada."

The entree that Hong Kong provides to Asian markets and Asian capital, in fact the unique window Hong Kong provides on the global economy, is indispensable to Canada, including Quebec. In the same way, the entree that organizations like the Canadian Commission in Hong Kong and the Canadian Chamber of Commerce in Hong Kong provide to the world of business in Hong Kong is without equal. Their fine work, as well as the facilities and services we offer at headquarters and through our International Trade Centres, are just some of the advantages Quebec business can share with Canada and, indeed, that it does share with Canada. These facts are particularly relevant at this important time in our own nation's history, for it is imperative that Quebecers realize the advantages of being part of Canada with regard to our relationship with the countries of the Asia-Pacific.

A few weeks ago I spoke to the Association des restaurants chinois du Quebec and outlined some of the risks that loom on the horizon in the aftermath of a "Yes" vote: the risk of losing one's citizenship, job and mobility rights. I went into greater detail than I will today. There is another obvious risk that is of particular concern to those of us in this room discussing the importance of Asian trade to our economy. Separating from Canada would mean that Quebec would no longer be part of a Pacific country. Given the growing importance of Asia as we have just discussed, this would be a significant loss.

As an Asia-Pacific country, Canada is active in the region and is a partner at the table of such important organizations such as the Asia-Pacific Economic Co-operation [APEC] forum. APEC includes all the major economies of the region, among the most dynamic, fastest growing economies in the world. It is setting the standards for free trade in the region, and Canada is an active participant. Quebec can not afford to miss out on this tremendous opportunity. To do so would diminish the impact Quebec companies will have in the region.

Indeed, Quebec companies are doing well in Hong Kong as part of Team Canada. There are numerous projects in services, high technology, transportation, power generation and infrastructure development where, working together with the leverage that only a Team Canada approach can lend, Quebec firms are winning contracts worth hundreds of millions of dollars. In this regard, our outstanding trade staffs in Beijing and Hong Kong are working closely with Mayor Bourque's office here in Montreal to ensure a successful trade mission next month. Mayor Bourque will be leading a business mission of some 30 companies in a number of competitive sectors and I wish them well.

In closing, I am optimistic about the future of Hong Kong. Sure there are some problems ahead — some uncertainties that trouble us — some reason for caution. But the outlook is still good. Hong Kong is still one of Asia-Pacific's most dynamic and enduring success stories.

Growth in 1995 is still expected to be above 5 per cent — a dream for some nations! It's still the freest market in the world, and one of

the world's best business environments. It's still a gateway to China and a gateway from China to the world.

Canadians, and indeed the world, need to be reassured that Hong Kong will continue as a stable and prosperous place. For Hong Kong is more than an important trading partner for Canada; ties of history and family complement and reinforce our commercial links.

In closing, the expansion of business ties across the Pacific to Hong Kong and throughout Asia will take persistent efforts, but I am confident these efforts will succeed. I believe we can build on improved market access resulting from the Uruguay round and the progress made bilaterally with a number of individual countries. It will take well-targeted trade, investment and tourism promotion efforts. It also will benefit by our enthusiastic participation in regional institutions, above all APEC.

These efforts in turn can be strengthened by complementary measures that will contribute to a much-needed maturity in our bilateral relationships as well as to our regional role. Activities should advance a diversity of objectives and engage a cross-section of our people and talent. They should portray Canada as a partner of quality and value, who is in the game for the long haul, rather than the quick fix. I say this because success in the Asia-Pacific means a commitment not only over time but across many fields of human endeavour. It covers personal ties between leaders; acceptance of certain responsibilities in areas such as peace, human rights and democratic development; recognition of the value of educational and cultural links; and sharing of experience in specific areas such as research and development, environmental preservation, or other challenges of public policy.

For me, there is a special meaning to the engagement, indeed the mobilization of Canadians of Asian origin in the building of our Asia-Pacific partnerships. Canadians of Asian origin, whether representatives of big companies or entrepreneurs from our dynamic small and medium-sized businesses can contribute to the national effort we need. They will add empathy to our Asia-Pacific ties, the kind of cultural affinity so long of benefit to our North American and European links. Much of our success in realizing our aspirations in business will have to do with the success we have in linking our peoples.

For the past two years, my government and I have been doing our part, and we will continue to do so. I hope you can join us in these efforts.

Thank you.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE NEW YORK STATE BAR ASSOCIATION
INTERNATIONAL LAW AND PRACTICE SECTION, FALL MEETING
"LEGAL ISSUES OF ASIA-PACIFIC TRADE"



VANCOUVER, British Columbia
October 21, 1995



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I would like to thank you for inviting me to address your Association on the occasion of your visit to Vancouver. It is a particular pleasure for me to welcome you here. I'm sure that you will agree with me that the Vancouver area has some of North America's most beautiful scenery, along with a rich and diverse cultural fabric.

The topic that I have been asked to speak on is "Legal Issues of Asia-Pacific Trade." The focus on Asia-Pacific should surprise no one, given the current economic boom in that region, which shows no sign of abating. As countries, companies and individuals increase their ties across the Pacific, there will inevitably be an increase in commercial disputes. How are such conflicts to be resolved, given the clear differences between Western and Asian cultures towards the resolution of disputes? What role will international trade rules, and lawyers, play in the process? I would propose to consider this topic with you this afternoon. More specifically, I will:

- consider the differences in approach hitherto taken by Western and Asian countries towards the resolution of trade disputes at the government-to-government level in the General Agreement on Tariffs and Trade [GATT];
- consider how the establishment of new rules under the World Trade Organization Agreement, or WTO, may help to integrate Asian countries more fully into the international trading system;
- discuss the changes taking place in the rules applicable to the resolution of trade disputes;
- describe a recent initiative taken within the Asia-Pacific Economic Co-operation forum, or APEC, to promote the resolution of disputes through conciliation and mediation, rather than litigation; and
- offer some thoughts in conclusion on what this all means for you. How will the growth of Asia-Pacific trade and investment – and the disputes that will come with it – impact upon North American lawyers who must advise their clients on the most appropriate means to resolve disputes?

As you know, the Asia-Pacific is, and will remain, the world's most dynamic economic region. Economic growth in the region will average 7 per cent this year, compared with about 3.5 per cent for the largely Western countries of the OECD, the Organization for Economic Co-operation and Development. By the year 2020, it is estimated that the Asia-Pacific region will account for 40 per cent of global trade, and will be home to seven of the top 10 economies in the world. Asia will also have the world's largest and most affluent middle class, with tremendous spending power for consumer items, travel, education and training abroad. Economists have projected that Asia will need \$US1 trillion in

infrastructure investment in the next decade alone just to sustain its continued growth.

Trade ties across the Pacific will expand enormously in the coming years, in part due to a decision made in November by APEC leaders to establish free trade and investment in the region by no later than the year 2020. As my colleague, International Trade Minister Roy MacLaren, noted to the Vancouver Board of Trade in January, the implications of this are nothing short of revolutionary: free trade between Canada and Japan in 15 years; free trade between Canada and China in 25.

With this rapid growth in trade and investment, it has been necessary to take some initial steps toward reconciling the different ways that legal and diplomatic issues in our commercial relations are handled in the West and in the East. For example, you will be well aware that in Western societies when commercial disputes arise between private businesses or between countries, they tend to be resolved through litigation or through other formal processes such as arbitration. I am sure, in fact, that commercial disputes have provided an enviable livelihood for many of you.

By contrast, among many of the Asian economies of this region, there is a tradition of resolving disputes in as non-litigious a manner as possible. This fundamental difference is reflected in the frequency with which the various Asia-Pacific countries have made use of the formal dispute settlement mechanisms of the GATT. I find the following statistics very revealing:

- from the founding of the GATT in 1947 to the end of 1993, the United States, Canada, Australia and New Zealand – four Asia-Pacific countries with Western cultures – initiated GATT dispute settlement procedures (formal dispute settlement consultations, plus dispute settlement panels) on 204 occasions;
- during the same 47-year period, all of the Asian countries in this region, taken together, used the GATT dispute settlement procedures only six times.

It is evident from these statistics that the Asian members of the region have shown a strong disinclination to make use of GATT dispute settlement procedures. Some have argued that this says something about the failure of the Western countries to integrate the Asian societies fully into the multilateral trading system of the GATT.

I believe that two developments will have a far-reaching effect on our relations with the Asian countries of the Pacific region in the field of trade law. The first matter that I would like to touch on is the creation of the WTO earlier this year, and the

second is the ambitious work program of APEC in the field of dispute mediation.

The WTO will improve the trade law environment of the Asia-Pacific in a number of respects. Among the advances that the WTO achieved over the GATT, I would like to point out the following:

- First, membership in the WTO will be considerably larger – a number of countries in the Asia-Pacific region that were not GATT Contracting Parties have become or are becoming members of the WTO.
- Second, important negotiations are currently taking place over the accession of the People's Republic of China to the WTO. Both of our countries will benefit from the integration of China into the world trading system and from the introduction of legal disciplines to China's trade relationships and to its domestic regulatory regime affecting trade and investment.
- Third, not only does the WTO have a more comprehensive membership and broader sectoral coverage than the GATT, but also all WTO members have to accept virtually the whole WTO Agreement and all of its disciplines. With very few exceptions, there is no opting out of the package of agreements established under the WTO.
- Fourth, the Asian economies are an important market for trade in services, which as you know is one of the fastest growing sectors of the global economy. The General Agreement on Trade in Services, or GATS, which is a part of the WTO, establishes global rules for the conduct of services trade for the first time.
- Fifth, we are all familiar with the reports of serious violations of intellectual property rights that have taken place in a number of Asian countries. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights commits each member government to protect and enforce intellectual property rights in accordance with global standards.
- Sixth, in the agri-food sector, the import bans that some countries have maintained on a number of products will simply not be possible any longer. Moreover, the WTO Agreement will prevent the misuse of health and sanitary measures as disguised barriers to trade while recognizing the right of members to take legitimate actions.
- Finally, the controls that developed countries maintain on imports of textiles and apparel have long been a sore point in our relations with the Asian countries. It was a key

objective of the Uruguay Round to reintegrate the textile and apparel sectors under the rules that apply to trade in goods generally. This will be done under the WTO Agreement over the next 10 years.

Thus, the real achievement of the WTO is the creation of a set of rules for international trade that will have a pervasive influence on how governments regulate their economies, and that accordingly will impact very directly on the domestic law-making process. This will affect the way in which all of the governments in the region operate. For example, Canada's implementing legislation for the WTO Agreement involved amendments to no less than 29 federal statutes, on matters ranging from banking licenses to entry visas for business people, and from trademarks, copyrights and patents to pest control products.

The rules for the settlement of trade disputes at the government-to-government level have also been improved and strengthened with the new WTO Dispute Settlement Understanding, or DSU. The DSU provides a unified dispute settlement system, applying to disputes under the range of WTO agreements, covering matters from trade in goods and services to investment, intellectual property, and technical barriers to trade. A new Dispute Settlement Body has been created to administer the dispute settlement process. A WTO panel report will be adopted automatically by the Dispute Settlement Body, unless there is a consensus among WTO members to reject it. This eliminates the problem that existed under the GATT, when a single country could block adoption of a panel report. A standing Appellate Body will hear appeals on questions of law, thereby hopefully establishing a degree of uniformity and consistency that did not always exist under the GATT.

One of the greatest benefits to Canada of the DSU is that it provides a defence against unilateral action by other countries. All WTO members must resolve their disputes using the WTO rules, and they are prohibited from taking unilateral measures without the specific authorization of the Dispute Settlement Body. This will make a significant contribution towards the consolidation of a rules-based instead of a power-based international trading system. We hope and expect that this new, streamlined system will be used and relied upon by all members of the WTO, including those from Asia.

There is similar progress in the Asia-Pacific region. Among the many activities currently under way within APEC, creating a more effective dispute settlement process, or a "Dispute Mediation Service" [DMS], is a priority.

The idea of creating a dispute mediation service within APEC arose in part from the unease felt by certain Asian cultures with the use of litigation to resolve disputes. As I discussed

earlier, few Asian governments invoked the panel process provided for under the GATT. Proponents of an APEC DMS argued that an emphasis on mediation rather than litigation would be culturally and politically preferable as a means to resolve trade disputes within the APEC region.

In November, 1994, APEC heads of government, meeting in Indonesia, agreed to examine the possibility of a DMS. APEC leaders made clear that any DMS would supplement, and not compete with, the WTO dispute settlement mechanism, which they affirmed would remain the primary channel for resolving disputes.

In June 1995, Canada hosted a meeting of experts here in Vancouver to consider whether a DMS might serve a useful purpose within APEC, and if so, to what extent. Under Canadian chairmanship, the Experts' Group examined a wide range of issues related to dispute mediation within APEC, including:

- disputes between APEC governments;
- disputes between private entities and APEC governments;
- disputes between private entities; and
- the reduction of trade disputes through increased transparency in the publication, notification and administration of laws affecting trade and investment in the region.

This meeting brought together experts on dispute mediation and arbitration from around the Asia-Pacific region. The Experts' Group made an initial examination of how a DMS could supplement the WTO, and asked APEC governments to provide considerably more information on domestic laws on arbitration, mediation and conciliation. Once this information has been received, the Experts' Group will reconvene to examine the material and, ultimately, to prepare recommendations for consideration by APEC leaders. Although the next meeting will likely be held in Thailand, Canada will continue to lead the process by serving as co-chair of the Experts' Group.

I want to stress that the work of the Experts' Group is rooted strongly in the practical, real needs of businesses. The Group is searching for ways to promote the resolution of disputes within APEC through mediation, arbitration and other types of alternative dispute resolution. Canadian and U.S. businesses are only too familiar with the great limitations of having to resolve commercial disputes through the expensive and cumbersome court systems in their own countries, let alone five thousand miles from home. Canada is thus contributing in a tangible way to a process intended to promote the resolution of disputes in the

Asia-Pacific region, an area of rapidly growing importance to North American businesses.

What does all of this mean for North American lawyers who advise clients involved in transpacific commercial transactions? I would offer a few concluding thoughts on this point.

In August of this year, Minister MacLaren addressed the annual meeting of the Canadian Bar Association. He set out the following three propositions concerning the changes that are taking place in international trade relations:

- First, international trade rules are more than ever replacing power politics. Rules are providing transparency and predictability so essential to business in a global economy.
- Second, the way we enforce these rules is also changing. Governments are now being forced to come to grips with the limits to their sovereign authority to shape domestic policy. This has implications for the legal profession through the interplay of domestic and international authority.
- Third, while these two propositions mean that the legal community has a special role to play in helping this new rules-based system respond to the needs of global traders and investors, they also mean that lawyers will benefit by this new system as freer trade in legal services comes to pass.

Minister MacLaren pointed out that with the expansion of the scope of international trade law under the WTO Agreement, there is an increasing role for domestic authorities, and consequently domestic legal practitioners, in the enforcement of trade rules. With more and more areas of domestic economic regulation now disciplined to some extent by international rules, so too more and more provisions of domestic statutes have their genesis in international treaties. Domestic and international rules and rule makers must work together, must learn from each other and reap the benefits of trade.

As trade and investment in the Asia-Pacific region continues to expand, we are certain to see a considerable increase in commercial disputes. Moreover, as we have seen in the context of Canada-U.S. trade, while such disputes may only represent a tiny fraction of total trade, they can generate an intense amount of industry and media interest, which may only compound the difficulties of settlement.

The resolution of such disputes should, in many cases, be structured with important cross-cultural differences in mind. At

the private commercial level, seeking to resolve disputes exclusively through the "hard" litigation option may very often destroy the underlying commercial relationship – a phenomenon certainly not unknown in the West. However, if "softer" mediation or conciliation options are pursued, it may be possible to isolate the individual dispute in question from the broader commercial relationship, permitting the parties to continue to build a long-term partnership. This principle has relevance as well for government-to-government trade disputes, since the request for a WTO panel may damage the bilateral political relationship in a manner not always fully understood in the West.

Obviously only you and your clients can determine, in individual cases, whether to proceed by way of mediation or through litigation. They need not necessarily be mutually exclusive. However, I would ask you to consider that dispute resolution involving Asian parties often requires an acute sensitivity to cultural differences if both parties want the commercial relationship to flourish in the long term.

I am grateful to have had the opportunity to speak to you today. Given the creation of substantive new disciplines applicable to international traders, I am sure that symposiums on legal issues related to Asia-Pacific trade will only proliferate in the future.

Thank you.

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AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE PACIFIC BASIN ECONOMIC COUNCIL



OTTAWA, Ontario
November 2, 1995



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One of the enduring assumptions about the global trading system is that the industrialized West – especially the United States – is the driving force for trade liberalization, while the developing world – including Asia – is protectionist.

That this should be the case is not surprising. Historically support for freer trade has always been strongest among those countries with the greatest economic power. Great Britain's decision to repeal its Corn Laws coincided with the country's ascent to economic pre-eminence in the mid-19th century; the United States supplanted Great Britain as the global champion of free trade only after it had surpassed Great Britain in industrial strength; and Germany's commitment to free trade rose in direct proportion to its economic prowess.

Thus it was largely North America and Europe that took the lead in successive Rounds of the GATT [General Agreement on Tariffs and Trade], including the latest and far-reaching agreement in Marrakesh; and it is largely to North America and Europe that many now look to lead the next wave of liberalization under the World Trade Organization [WTO].

But will this always be the case? The world's economic centre of gravity is shifting rapidly eastward. Growth rates in much of Asia-Pacific are already two to three times the OECD [Organization for Economic Co-operation and Development] average. If current trends continue, the region will hold 60 per cent of the world's population, 50 per cent of global production, and 40 per cent of total consumption by the year 2000. This rapid growth is in turn shaping the structure of many Asian economies. Tariff barriers are falling, with or without formal trade agreements. Investment regimes are also opening, for the simple reason that these economies need huge inflows of foreign capital and technology if growth is to continue.

In short, Asia's rising economic strength is being matched by growing pressure both for domestic liberalization and for access to foreign markets. If history is any guide, the Asia-Pacific region may well emerge as the principal engine of trade and investment liberalization in the next century.

It is this fundamental economic reality – much more than our formal undertakings at APEC [Asia-Pacific Economic Co-operation forum] in Seattle or Bogor or Osaka – that underscores APEC's significance to the global trading system in the decades ahead. This is not to minimize the challenges that we face in the Asia-Pacific region in the immediate future. There is, for example, the failure of certain key advanced markets to liberalize as much as domestic conditions demand and as foreign exporters need. Opaque corporate linkages, restrictive distribution networks, a maze of regulations, distinctive cultural preferences – these and a myriad of other factors continue to make Japan, Korea, and others among the more protected industrialized economies.

Yet even in Japan sweeping economic changes are eroding protectionist walls. Over the last several years, Japan has been undergoing its own quiet restructuring — a restructuring that is being driven in part by broad social and demographic change, and in part by the pressures of global competition and the dramatic appreciation of the yen. The latter has greatly increased the relative costs of production in Japan and widened the price gap between Japanese products and imports. This in turn has led to a transfer of labour-intensive and lower-technology production out of Japan and a shift from export-led to demand-driven economic growth.

The pace of change may be unpredictable, but the direction is clear. Economic liberalization — principally through deregulation and the removal of import barriers — is stimulating domestic demand, creating opportunities for off-shore goods and services, and fuelling Japan's economic recovery.

Of even greater concern to the international trading community is our collective failure, so far, to negotiate China's accession to the new World Trade Organization. It goes without saying that China is *sui generis*. The size of China's economy has quadrupled since 1980, with annual growth now averaging 9 per cent. Already it is the world's 11th-largest trader. If current trends persist, China's economic purchase could equal that of the United States by 2020. Just as it was unthinkable 25 years ago that China would remain outside the United Nations, it is equally unthinkable that China should remain for long outside the new World Trade Organization.

So far the Chinese trade and investment system is not as open or as transparent as WTO membership requires. And the very weight of the Chinese economy makes it that much more imperative that we get the terms right for China's accession.

That is why Canada and fellow WTO members are prepared to work hard to see that the accession negotiations of China eventually succeed on terms satisfactory to all. Yet even in China the unmistakable trend is toward economic reform, market liberalization and greater openness. The question then is not whether China will join the multilateral trading system but, simply, when.

The central point is that the Asia-Pacific region is changing far more rapidly than most Western commentators recognize or are willing to credit. This momentum will, in turn, be reflected in the pace of development in APEC itself. The Uruguay Round of the GATT took four years to launch and seven years to conclude — even then many of the issues identified back in 1982 remain unresolved at the end of the Round. By way of contrast, APEC has agreed, in the space of three years, to reach free trade among its developed economies by 2010 and among its developing members by 2020 — that

is, if any of APEC's members is still a developing economy in 20 years' time.

Some have questioned whether these target dates are realistic given the great diversity of economies and interests involved. My own guess — and it is only a guess — is that we will reach free trade in many sectors long before the 2010 or 2020 deadlines once the built-in momentum of liberalization is truly unleashed.

With this in mind, Canada has been less concerned with the issue of when the process ends than with the much more important question of when — and in what ways — it should begin. For instance, we have worked over the past 12 months to develop work programs, deadlines and frameworks that will enable all of us in APEC to realize that vision.

Coming out of the Osaka meeting of APEC, we will have a detailed plan with commitments to action in the progressive elimination of tariffs and non-tariff measures, as well as work in the areas of customs procedures, standards and conformance, investment, government procurement and dispute mediation, among others.

The plan also details work programs agreed by APEC's various working groups in areas such as transport, telecommunications, human resource development, small and medium-sized enterprises, and industrial science and technology. A number of Canadian firms are already involved in working group activities and helping to ensure that APEC work is relevant to the objectives and to the needs of the private sector.

The APEC plan calls upon member economies to develop their own detailed schedules for trade liberalization and facilitation. These will be discussed, and compared, throughout 1996, for implementation at the beginning of 1997. We do not expect that members will provide in detail their liberalization plans from now through to the target date of 2010. We shall, however, argue for schedules of three to five years so that we have some predictability and a planning time frame for the private sector.

This APEC plan, like all plans, could be better — it could have more detailed commitments, tighter deadlines and, in some cases, more ambitious objectives. What is more, there are still some important questions about the nature of APEC itself that remain unanswered. Can we deepen the integration of APEC while broadening its membership? After all, the more ambitious our undertakings at Osaka, the greater the pressure on countries outside the area to fall in line. How will we square the need, at least initially, to keep APEC to manageable proportions, with our commitment to "open regionalism"?

This in turn raises a more fundamental question. Do we expect to liberalize across the board on an unconditional most-favoured-

nation basis — in which case it would be difficult to envisage how we could accept the goal of free trade in the region without assurances that the rest of the world was also moving to free trade as well?

Or are we aiming for a more conventional free trade area along the lines of, say, the NAFTA [North American Free Trade Agreement]? Perhaps the solution, as the APEC Eminent Person's Groups has hinted, is to do both — that is, to reach free trade in the region by 2020 and then to offer access to the rest of the world on a reciprocal basis.

Either way, what we should be trying to fashion in Osaka and beyond is not merely an instrument for liberalizing markets in Asia-Pacific — that is too modest an endeavour — but a juggernaut to force the pace of liberalization worldwide. Canada is well placed to take a role in such a project. Our exports increased by 19 per cent in the region as a whole last year. APEC economies now consume one half of Canada's total overseas exports. Our two-way trade with the economies of Asia-Pacific has increased by 38 per cent, or \$14 billion, since APEC's inception in 1989. Direct investment in Canada from Asia increased fourfold in the decade to 1994.

Asia represents four of our top five sources of entrepreneurial immigrants. The share of Asia-Pacific visitors has doubled in the decade to 1993 to one third of the total. The number of Asians studying in Canada and Canadians studying Asian languages has increased significantly. We have already taken a lead in advancing free trade across the Atlantic. We are equally well disposed to be Pacific free traders as well.

Thank you.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADIAN CHAMBER OF COMMERCE IN THE PHILIPPINES



MANILA, The Philippines
November 10, 1995



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President Dan Young, Ambassador Heeney, ladies and gentlemen:

I am grateful to the Canadian Chamber of Commerce for inviting me to speak today. It is a pleasure to address the very key players who are working to raise the profile of Canadian products and expertise in this rapidly expanding market of opportunity.

In the short time that I have been here, I have been most impressed with the great boom in the Philippine economy, as well as with the tremendous gains that Canadian companies, such as those in this room, have made here. This is truly a rapidly emerging success story.

Until very recently, the country had not shared in the fast-paced growth of its Southeast Asian neighbours and was not the central focus of trading partners like Canada.

And yet, last year, the Philippines achieved 5.5 per cent growth in gross national product, and is on track to match that performance in 1995. Even faster acceleration is expected in 1996. Sound fiscal and monetary management, along with the positive political climate, is contributing to increased foreign investor confidence and higher foreign investment.

The Philippines' economy is continuing to open up through other initiatives such as trade deregulation and liberalization, measures to stimulate competition, and increased emphasis on export development. Furthermore, the country is firmly shouldering its responsibilities on the world stage by ratifying the Uruguay Round of the General Agreement of Tariffs and Trade. The Republic of the Philippines is therefore a founding member of the World Trade Organization.

President Ramos deserves full credit for these reforms. He has turned the Philippine economy around and brought his country the global recognition it deserves. For individual Filipinos, the success of the President's initiatives is demonstrated every time they turn on the lights. Through his actions, power outages are a thing of the past.

I had the opportunity to meet with President Fidel Ramos yesterday. He warmly welcomed me and the Canadian delegation, and we discussed the many common elements that tie our two countries together. I was impressed with the degree of interest he took personally in some of the recent business initiatives many Canadian companies have taken in the Philippines. In our discussion, the correlation between the needs of the burgeoning Philippine economy and Canadian supply capability became quite clear.

The Philippines is poised for further major development, and Canadian businesses hoping to take advantage of the substantial opportunities need to position themselves promptly. Canada's competitors are moving ahead and are ready to tap into the

opportunities. We need to act fast. The proof is there — official visits are up and foreign business people are practically running over each other in the airports and hotels.

As I look out over this audience, however, it encourages me tremendously to see a room full of people dedicated to conducting business between Canada and the Philippines. Because of your vote of confidence in this country, our trade relationship is healthy and growing. Total merchandise trade between our two countries has almost quadrupled since 1986, reaching nearly \$665 million in 1994. Canadian exports grew from \$45 million to \$195.8 million during this period. While the trade balance is in the Philippines' favour, the statistics do not capture the sale of Canadian services, which are a considerable portion of overall Canadian commercial activity in this growth market.

The investment picture is just as bright. Total Canadian investment in the Philippines has been estimated at C\$1 billion, ranking us in the top 15 foreign investors. New investment interest in the Philippines has focussed on mining, technology, agri-food and the energy sector.

I have already had the opportunity to witness the successes of individual Canadian firms in this country in ceremonies I attended yesterday. Later today, I will witness the signing of several more important commercial agreements that Canadian companies — some of which are members of the Chamber — have concluded with such local firms as ICC [International Communications Corporation], Telec Phil, and PLDT [Philippines Long Distance Telephone].

I am pleased to see that well-known Canadian products have already made quite an impression here. Through a joint venture agreement with Asia Brewery, Labatt's Ice Beer is now brewed right here. Bombardier's Sea-doo's are popular at most beach resorts in this country. And whether you know it or not, if you or your children eat at Jollibee or McDonald's here, there is a better than 50 per cent chance they are eating Canadian french fries.

These are all very strong signals that I will be taking back to Canada to encourage more Canadian businesses to come to the Philippines. Opportunities lie in the Philippines' considerable infrastructure requirements, such as in power, transportation and industrial machinery. Private business investment in industrial and mining equipment is the second-biggest source of growth in demand, followed by private construction. Consumption is expected to grow by 5.2 per cent in 1994, up from an average of 3 per cent in the last decade.

The Canadian government is doing its part to pave the way for easier access to the Philippine market. Yesterday, Secretary

Navarro and myself signed a new Foreign Investment Protection Agreement, or FIPA, in the presence of President Ramos. The FIPA is a reciprocal bilateral agreement to protect and promote foreign investment between our two countries. It serves to delineate the respective rights and obligations of the signatories with respect to the treatment of foreign investment, and promote a stable investment climate. Many of you in the business community have demonstrated interest in such an agreement because of the growing stock of investments in the country. As the first FIPA with an Asian country, this agreement sends an important, positive signal that Canadian interest in the Philippines is strong.

We are also working with Canadian companies to take advantage of opportunities through the Asian Development Bank [ADB]. During my visit here, I met with senior officials at the ADB to reinforce our desire to increase our ADB market share. It appears that, over the next three years, the ADB is slated to lend up to US\$1.5 billion to the Philippines. We intend to implement a plan that will focus on specific sectors and projects in order to increase the number of ADB-funded projects Canadian companies can win.

We intend to work very hard to further promote Canada's excellent relationship with the Philippines. In this regard, I hope that President Ramos will be able to visit Canada early next year. Such a visit would greatly promote the bilateral relationship and give impetus to the realization in Canadian business circles that the Philippines deserves attention.

While we are clearly very interested in our trade relationship with the Philippines, we also look more broadly at our relationship with the entire Asia-Pacific region. In this regard, Canada is committed to the Asia-Pacific Economic Co-operation forum, or APEC. We want APEC to become the key vehicle for economic and trade consultation and co-operation in the region. It has proven itself vital in shifting countries in the region towards freer trade and more open economies. APEC has also provided a new avenue for bridging the Pacific and engendering a new climate of confidence in regional stability among member nations. I will be departing next week for Osaka to sit down once again with my counterparts in APEC to further the trade liberalization momentum.

Coming out of the Osaka meeting will be a detailed Action Agenda which will be presented to the APEC leaders, including Prime Minister Chrétien and President Ramos, at their Summit on November 19. It will contain commitments to action in the progressive elimination of tariffs and non-tariff measures, as well as work in the areas of customs procedures, standards and conformance, investment, government procurement, and dispute mediation, among others.

The plan also details work programs agreed by APEC's various working groups in areas such as transport, telecommunications, human resource development, small and medium-sized enterprises, and industrial science and technology. A number of Canadian firms are already involved in working group activities and helping to ensure that APEC work is relevant to the objectives and the needs of the private sector.

While the work of APEC appears quite challenging as we aim to meet the target of free trade among its developed economies by 2010 and among its developing members by 2020, it is apparent that we are trying to put together more than an instrument for liberalizing markets in Asia-Pacific — that is too modest an endeavour. What we are truly working towards is an instrument to force the pace of liberalization worldwide.

We are pleased with the partnership we have forged with the Philippines on APEC affairs. Our two countries will consecutively host the next APEC meetings — first in the Philippines in 1996 and then in Canada in 1997. We have been working at both the political and the official level to ensure that the next two years of APEC discussions make concrete progress towards our objectives.

Ultimately, the test of our efforts to open markets and create opportunities will be the efforts of individual companies, such as those in this room, to take advantage of those opportunities. You have already shown much success in your efforts. I am confident that you will continue to demonstrate the same level of success and that Canadian and Filipino companies will continue to work together to the mutual advantage of both our countries.

Thank you.

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-577

Statement

95/68

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE INDONESIA-CANADA CHAMBER OF COMMERCE
BREAKFAST MEETING**



**JAKARTA, Indonesia
November 14, 1995**



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Minister Joedono, honoured guests, ladies and gentlemen:

It is with great pleasure that I am here with you today, renewing your acquaintance, which I happily made a year ago.

I am particularly pleased to be with you on what is a special day for Canadians, especially those here in Indonesia.

Last evening at the Jakarta Convention Centre, the United Nations Conference on Biodiversity voted to establish its Permanent Secretariat in Montreal.

I congratulate the Mayor of Montreal, who visited Jakarta last week to promote his city's candidacy, for this important international distinction.

The members of the Canadian delegation – federal, provincial and municipal government officials, non-governmental organization representatives, and their colleagues – who worked so hard to make the selection of Montreal possible, also deserve our thanks.

This success demonstrates what we can accomplish when we work together as "Team Canada," that is combining the efforts of various levels of government and the private sector.

You may recall that last year I spoke about expanding Canada and Indonesia trade and investment flows and about the importance of the new World Trade Organization, the Asia-Pacific Economic Cooperation [APEC] forum and other trade and investment liberalization arrangements to our mutual prosperity.

At the conclusion of my speech I said that I hoped to return to Indonesia with a trade and investment mission.

Well, here we are!

I have been joined on this mission by 25 senior executives from some of Canada's foremost international firms.

We are here because although Canada and Indonesia already enjoy a strong economic partnership, we see scope for further expanding this relationship in areas where our objectives are complementary.

As bilateral partners, we have a "good fit" in respect of economic development priorities. Canada and Indonesia both face similar challenges in ensuring the benefits of economic growth for our citizens.

Our vast geographic expanses, the requirement for large-scale infrastructure development in sectors including energy, transportation, telecommunications, and the need to develop our natural resources sector – in, among others, mining, oil and gas

and forestry – in a sustainable fashion, are all priorities that we share.

It is not surprising therefore, that we already enjoy a strong bilateral trade and investment relationship. Two-way merchandise trade should exceed \$1.1 billion this year. The value of Canadian investment in Indonesia is estimated at \$5 billion.

This relationship is important to Canadians.

To state the obvious, Canada is a major trading nation. Over one third of our gross domestic product is derived from exports, compared with about one quarter just four years ago. On a per capita basis, Canada exports three times as much as the United States, twice as much as Japan and 25 per cent more than Germany.

In Southeast Asia, Indonesia is our largest market for merchandise exports; it accounts for over \$100 million annually in our service exports and is the most important destination for direct foreign investment. This provides us with a strong foundation for future growth.

Canadian firms are keen to forge relationships with their Indonesian partners and clients and to grow with your market as it responds to the challenges of increased industrial development.

We want to work with Indonesia in meeting your ever-rising demand for energy, in all its forms, including conventional, coal-fired and hydro power.

Firms such as the Asia-Power Group, which brings together our largest provincial utilities and private sector partners, hope to be strategic partners with Indonesia in future generation and transmission activities.

In the field of nuclear energy, Atomic Energy of Canada Ltd. is working with Indonesian experts to assess the applicability of CANDU technology to meet local needs, should a decision be made by your government to pursue this option. Scientific and regulatory co-operation in the nuclear area is also under way.

Canadians also have extensive expertise in harnessing natural gas resources for energy and petrochemical applications. Our gas transmission and distribution networks are the most extensive in the world, bringing the benefits of this resource across North America to our consumers.

World-class Canadian firms are pursuing a substantive role in the implementation of the trans-Indonesian gas pipeline system, now

in the early stages of development. We are prepared to make major investments here to help make this system a reality.

In telecommunications, our data transmission, wireless and rural telephone technologies all have wide application in assisting Indonesia to meet its planned national network objectives.

Canada knows well the need to transmit voice and data across great distances. Many of our firms are already well established with local partners in Indonesia to provide these value-added services.

We are also looking for new sectoral investment opportunities. I believe that there will be good take-up in Canada in the imminent PT Telkom international public share offering.

The expansion of your mining sector, in which Inco of Canada has been engaged since the late 1960s, also provides the basis for further business co-operation.

Twelve Canadian "contracts of work" in the mining sector are pending final approval with the Government of Indonesia. I hope that these can be concluded successfully in the weeks and months immediately ahead.

Indonesians and Canadians are also co-operating closely in the protection of the environment. Canadians have had the privilege of assisting in the formulation of Indonesia's environmental regulatory framework. Our engineering and service firms are demonstrating technologies to meet specific environmental priorities such as water resources management.

The firms that have accompanied me on this mission — many of whom are actively involved in all these and other sectors — are representative of an expanding number of Canadian entrepreneurs who have made, and are making, a commitment to Indonesia.

They are investing their capital and human resources to contribute to meeting Indonesia's national economic development priorities.

I was privileged to open yesterday the new offices of SNC-Lavalin, Canada's largest consulting engineering company, here in Jakarta.

Their new joint venture demonstrates the commitment by Canadians to working closely with Indonesian associates to meet the growing infrastructure demands of your fast-growing economy.

There are at least one dozen Canadian engineering companies with a presence in Indonesia, working in an array of sectors with Indonesian partners.

The Canadian firms now in Indonesia include not only large, internationally renowned corporations, but also small and medium-sized firms with unique expertise in emerging technologies and specialized services.

Small and medium-sized enterprises [SMEs] are a priority for my ministry, representing 70 per cent of the firms utilizing the services of our embassies and trade commissions in the Asia-Pacific region. In Indonesia, SMEs account for a significant portion of the over 200 per cent increase in the number of business visitors recorded by our embassy here in Jakarta.

These are the companies who are forming joint ventures and technology transfer arrangements with Indonesian private sector counterparts to create and expand a "win-win" economic partnership.

The Canadian government is supporting the expansion of these business linkages through strengthened trade promotional activities and innovative export financing and insurance programs.

The Canada-Indonesia business development office, a project being implemented by the Canadian Exporters' Association with the support of the Canadian International Development Agency, is assisting Canadian firms in accelerating investment and technology partnering and registration locally, through the work of resident advisers located at "BKPM" [Investment Co-ordinating Board] and "BPPT" [Agency for Applied Research and Technology].

The Export Development Corporation, EDC, has expanded its lending programs to include not only government-to-government transactions, but also support for private sector procurement from Canada and limited-recourse financing for large-scale capital projects.

The first of what I hope will be a number of private sector lines of credit was signed by EDC with Indonesia's Bank Umum Nasional in May of this year. This facility, which will support transactions with a value of \$100 000 or more, is of particular importance to Canadian and Indonesian small and medium-sized firms who require export credit support.

There are already a number of such transactions in the pipeline. They will add to the extensive EDC portfolio in Indonesia, which has accounted for over \$800 million in financing support since the 1970s.

An EDC representative has joined me on this mission to pursue further discussions with their Indonesian and Canadian clients.

We are also working closely with the Indonesian government to conclude a number of important bilateral agreements to increase further our business links.

Negotiations have begun between our governments towards the conclusion of a foreign investment protection agreement, which will spur further direct investment by Canadians in Indonesia and, I would hope and expect, Indonesian participation in the Canadian market.

An air services agreement is to be negotiated next month, to permit the establishment of a direct air link between our countries.

There are other agreements, in fisheries products inspection, geomatics and nuclear technical co-operation, also in advanced stages of discussion.

All of these agreements will permit you – Indonesian and Canadian entrepreneurs – to work more effectively in meeting your business objectives.

The importance and depth of our bilateral economic partnership, which permits agreements such as these to be concluded, is why the Prime Minister, the Right Honourable Jean Chrétien, has made Indonesia a principal destination in his planned Team Canada mission to South and Southeast Asia early next year. He too was determined to return to Jakarta when he saw the impressive potential of your country during the November 1994 APEC meetings.

I was delighted when the Prime Minister informed me that he had accepted President Soeharto's invitation to visit Indonesia, following their meeting in New York last month.

By leading a large delegation from the federal and provincial governments and the business community to Indonesia, the Prime Minister hopes that many of the bilateral agreements and trade, investment and technology initiatives that I have mentioned today can be brought forward to a successful conclusion.

The Prime Minister's Team Canada mission represents the largest Canadian business delegation ever to travel to Indonesia. It will comprise hundreds of the leading executives of Canadian firms, all of whom are committed to expanding, or in some cases establishing for the first time, business relations with local partners and clients.

"Team Canada" means, by definition, a synchronization of efforts by business and government in Canada. This mission will illustrate the priority Canada attaches to its relationship with Indonesia and the Asia-Pacific region, as we prepare for the 21st century – what many observers refer to as the Pacific Century.

I am very much looking forward to joining the Prime Minister during his January visit.

It will mark my fourth visit to Indonesia in a period of 15 months.

Team Canada's mission to Indonesia will cement our expanding economic ties by helping to advance many of the technological, natural resources and human resources development initiatives that many of you here today are engaged in actively.

The Prime Minister will also open the new Canadian Education Centre in Jakarta during this visit. The Centre, which will promote Canada as a destination for Indonesian students seeking post-secondary and tertiary education training abroad, will contribute further to expanding people-to-people linkages between our countries.

As Indonesians learn more about Canada and Canadians come to Indonesia in increasing numbers, we shall increase the understanding of the similarities between us and appreciate more the cultural distinctiveness of our societies.

If we are to see our bilateral relations grow and flourish in the years ahead, it is linkages such as these — Indonesians studying in Canada, Canadian alumni in Indonesia sharing their experiences with colleagues, Canadians studying in Indonesia — that will bridge geographic distances and bring us closer together.

We are already important partners in the global economy and in the fast-growing Asia-Pacific region. We look to each other, as like-minded interlocutors, to work together in multilateral and regional forums, ranging from the United Nations to the new World Trade Organization, ASEAN [Association of Southeast Asian Nations] and APEC.

We share a commitment to increased openness in the world trading system; as signatories to the World Trade Organization we are both proponents of accelerated global trade and investment liberalization.

It is in the World Trade Organization where we both, as export-led economies dependent on an open trading system, seek to reinforce the international commitment to increased market liberalization, improved access for our products and services, and co-operation in trade and investment facilitation.

We both subscribe fully to the vision articulated by APEC leaders in Bogor one year ago, committing member economies to free trade in the Asia-Pacific region by 2020.

The leadership demonstrated by Indonesia since the adoption of the Bogor Declaration has been applauded around the Pacific and the world.

Your ongoing privatization program, recent economic reform measures, and the removal of impediments to increased trade and investment flows, are appreciated as visible demonstrations of Indonesia's commitment to ensure the success of APEC and its objectives.

I am pleased that, prior to the APEC meetings in Osaka, I shall have the opportunity to consult with senior Indonesian government and business leaders to hear their views on how we can work more closely to achieve these goals.

We must ensure that the "architecture" of APEC responds not only to the vision put forward by our leaders at Bogor but, at a very practical level, provides the foundation for business people such as yourselves – in Indonesia and in Canada – to respond effectively to the myriad new market opportunities available in Southeast Asia and North America.

Your Chamber of Commerce, as the bilateral business group that represents our growing economic partnership, is an important conduit for the elaboration of business views to political leaders in both countries regarding APEC and multilateral trade policy developments and how they impact on your activities.

I appreciate the opportunity to meet with you this morning, to share my perspectives on these issues that shape Canada and Indonesia's business environment and provide the basis for sustained growth in our bilateral relations.

I look forward to returning to Indonesia with Prime Minister Chrétien and Team Canada and to witnessing the signature of many of the business activities that so many of you are bringing forward.

See you in January!

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- 277

Statement

95/69

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-INDONESIA BUSINESS COUNCIL
BREAKFAST MEETING



TORONTO, Ontario
December 4, 1995



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I am delighted to be here this morning. I thank the Canada-Indonesia Business Council for inviting me to address your breakfast meeting.

As many of you may know, I have recently returned from Indonesia where I had the pleasure of leading a mission of 25 Canadian companies who are already active or seek to be participants in that burgeoning market. My visit was one of several events that have marked what has been an intense year in Canada-Indonesia relations.

Over the last year, there has been an unprecedented series of visitors in both directions. One year ago the Prime Minister joined in the APEC [Asia-Pacific Economic Co-operation forum] Summit in Bogor. His visit to Indonesia was followed by seven Indonesian ministerial visits to Canada and five Canadian ministerial visits to Indonesia, including those of the Secretary of State (Asia-Pacific) and the Minister of Transport with a 17-company mission in the transport sector.

On July 1, we opened an Honorary Consulate in the second-largest city of Indonesia: Surabaya, in the Province of East Java, which is enjoying the highest economic growth rates outside Jakarta.

All this transpacific travel testifies to the fact that Canada and Indonesia already enjoy a dynamic bilateral relationship. Indonesia is our largest market for merchandise exports in Southeast Asia. We expect that two-way merchandise trade will exceed \$1.1 billion this year. In addition, our exports in services to Indonesia are an increasingly important factor in international trade, which will exceed \$100 million this year. Indonesia is also the most important destination for Canadian investment in Southeast Asia. The value of Canadian investment in Indonesia today is estimated at \$6 billion.

Canada has been successful in Indonesia just as it has been successful all over the world. In fact, our global trade performance has never been so impressive. From 25 per cent of our GDP only five years ago, our exports now represent 37 per cent of our GDP based on figures for the first six months of this year. This is truly remarkable. Sound macro-economic policies and hard work at the level of each and every Canadian company are largely responsible for this unprecedented export boom. Canada has been undergoing a remarkable transformation.

Over the past 25 years, Indonesia has also undergone a remarkable transformation supported by high and stable economic growth rates, averaging 6.5 per cent annually. This fundamental transformation of the Indonesian economy was made possible by the Indonesian government's commitment to trade and investment liberalization. Economists are now predicting that in the next five years, Indonesia will be among the top 10 economies in the world. Already, middle class income Indonesians are equal in number to Canada's entire population.

Obviously, Indonesia is a dynamic country which should be increasingly recognized in the business strategies of more and more Canadian firms pursuing business opportunities in Asia.

The importance of our bilateral economic partnership is why Prime Minister Chrétien has made Indonesia a principal destination in his Team Canada mission to South and Southeast Asia early in January.

The Prime Minister's Team Canada mission represents the largest Canadian business delegation ever to travel to Indonesia. It comprises hundreds of representatives of leading Canadian firms, small and large.

Members of the business delegation will have the opportunity to participate in the Canada-Indonesia Business Conference taking place at the time of the Prime Minister's visit. The Conference, which I hope to co-chair with my Indonesian counterpart, will provide practical insight on doing business in Indonesia. It will focus on the seven priority sectors: transport, energy, telecommunications, environment, agri-food, education and financial services.

Canada and Indonesia are a "good fit." The development of Indonesia's natural resources — especially mining, oil and gas and forestry — has benefited from Canadian investment and technology for over 30 years. Indonesia's enormous requirements for large-scale infrastructure development in the energy, transport and telecommunications sectors match Canadian capability to an exceptional degree. Environmental services also represents a key area for Canadian companies in Indonesia. Canadians, through our aid program, have assisted in the formulation of Indonesia's environmental regulatory framework, resulting in a special opportunity for our environmental engineering and service firms. These and other factors augur well for yet greater Canada-Indonesia trade and investment.

In Indonesia, as in many other markets, it is important for a company to make a concrete commitment to the market by establishing a local office or by forming a joint venture with a local partner. Already there are over 100 Canadian companies represented in Indonesia in one form or another and more are entering the market every month.

Although attention is often focussed on large companies, the Canadian presence in Indonesia is not limited to only internationally renowned corporations. Small and medium-sized firms with unique expertise in emerging technologies and specialized services are also active.

In effect, SMEs [small and medium-sized enterprises] account for a significant portion of the 200 per cent increase in the number

of Canadian business visitors to our embassy in Jakarta. Several of these companies are pursuing joint ventures or putting in place technology transfer arrangements with Indonesian counterparts.

We support the expansion of these business linkages through strengthened trade promotional activities and innovative export financing and insurance programs. The Canada-Indonesia Business Development Office, a project being implemented by the Canadian Exporters' Association with the support of the Canadian International Development Agency, assists Canadian firms in their investment and technology arrangements through the work of resident advisers located at "BKPM" [Investment Co-ordinating Board] and "BPPT" [Agency for Applied Research and Technology].

For its part, our Export Development Corporation, EDC, has expanded its lending programs to include not only government-to-government transactions, but also support for private sector procurement from Canada and financing for large-scale capital projects.

The first of what I hope will be a number of private sector lines of credit was signed by EDC with Indonesia's Bank Umum Nasional in May of this year. This facility, which will support transactions with a value of \$100 000 or more, is of particular importance to Canadian and Indonesian small and medium-sized firms who require export financing. There are already a number of transactions in the pipeline. They will add to the extensive EDC portfolio in Indonesia, which has accounted for over \$800 million in financing support since 1970.

We are also working closely with the Indonesian government to conclude a number of important bilateral agreements to help foster business links. Negotiations have begun towards the conclusion of a foreign investment protection agreement, which will provide further security to Canadian investors and to Indonesian investors in Canada.

We began today in Indonesia the negotiation of an air services agreement. This will permit the establishment of a direct air link between our countries with, on the Canadian side, Air Canada as the designated carrier.

There are other agreements, in fisheries products inspection, geomatics and nuclear technical co-operation, which are in an advanced stage of discussion.

The co-operation between Canada and Indonesia is also evident in multilateral and regional forums such as the new World Trade Organization [WTO], ASEAN [Association of Southeast Asian Nations] and APEC.

In those and other organizations Canada and Indonesia share a commitment to increased trade and investment liberalization. As members of the World Trade Organization, we support multilateral trade and investment rule making. As export oriented economies dependent on an open trading system, we both seek to reinforce the international commitment to increased market liberalization, improved access for our products and services, and co-operation in trade and investment facilitation.

Last week I was the host of a meeting in Vancouver that brought together 10 trade ministers from some of the leading middle-sized countries of the WTO. Indonesian Trade Minister Joedono participated actively in the meeting. The meeting marked a first step in laying the groundwork for the first WTO Ministerial Conference to take place in Singapore in December 1996.

The Vancouver meeting followed closely the successful APEC Ministerial and Leaders' meetings that took place in Osaka last month. At the meeting we were able to reconfirm our commitment to the vision articulated by APEC leaders in Bogor one year earlier, committing member economies to free trade in the Asia-Pacific region by 2010 and 2020.

In Osaka, we adopted an "Action Agenda." The Agenda reflects the Asian preference for a consensus-based process or soft negotiations. It has two main elements – a set of principles to guide us in achieving the Bogor vision and a method by which members actually pursue free trade in the region.

As a first step, each APEC member will develop individual liberalization packages, which will be reviewed by other members over the next year and announced at the next APEC Leaders' and Ministerial meetings in Manila in 1996. Implementation is to begin January 1, 1997.

Additionally, in Osaka, we established the APEC Business Advisory Council as a permanent body that will ensure continued private sector involvement in APEC.

The business community has been the main driving force behind the push for trade and economic liberalization throughout the APEC region, including Indonesia. We must also ensure that, at a very practical level, business people respond effectively to the myriad of new market opportunities available in Southeast Asia and North America.

Your Business Council, as the bilateral business group that represents the growing economic partnership between Canada and Indonesia, can play an important role in this regard by providing an essential link between our business people. You can also bring home the good news about Indonesia's ongoing privatization program, recent economic reform measures, and the removal of

impediments to increased trade and investment flows. These are not only tangible demonstrations of Indonesia's commitment to the WTO and APEC objective of trade and investment liberalization but they also constitute important elements that should be factored into the Asian business strategy of Canadian companies.

I appreciate the opportunity to meet with you this morning. Next month I look forward to returning to Indonesia with Prime Minister Chrétien and Team Canada to witness the signing of several business deals that many of you have been pursuing in the Indonesian market.

Thank you.

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Statement

95/70

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE PACIFIC BASIN ECONOMIC COUNCIL

VANCOUVER, British Columbia
December 1, 1995



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I would like to thank the Pacific Basin Economic Council - Canadian Committee, the Asia Pacific Foundation of Canada and Industry Canada for their invitation to speak to you today. Having just returned from Ottawa, which has been pelted with snow for the past three weeks - and another 30 centimetres last night - I guess I'm a true "B.C.er" when I say the rain of the west coast is certainly a welcome sight!

I am pleased to have the opportunity to speak to you today about the role of the federal government in international trade and more specifically, in increasing our trade with the countries of the Asia-Pacific region. A key part of my job as Secretary of State (Asia-Pacific) is to enhance Canadian export opportunities to the region. As our government has clearly demonstrated during the two years we have been in office, trade - exports, investment and technology transfer - is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

Considerable progress has been made in recent months to bring down trade barriers in order to facilitate a better trade environment for Canadian businesses. We've had a successful conclusion, after almost seven years of negotiation, to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. We've committed ourselves to the North American Free Trade Agreement - NAFTA. And we've worked hard to build bridges to Asia-Pacific markets through such vehicles as ASEAN [the Association of Southeast Asian Nations], ARF [the ASEAN Regional Forum] and through APEC [the Asia-Pacific Economic Co-operation forum]. I would like to spend some time today discussing the latter of these vehicles, APEC.

But before outlining the results of last week's APEC Ministerial and Summit in Osaka Japan - which I attended with Prime Minister Chrétien and Ministers Ouellet and MacLaren - I would like to take a moment to point out that, at the Summit, I had the tremendous privilege of announcing that Vancouver will host the APEC Ministerial and Summit in 1997. As Canada's gateway to the huge Pacific market, Vancouver is the engine behind Canada's new focus on the entire region. The APEC meetings will not only generate significant economic benefits for the entire city, but they will also put Vancouver on the map of every leader in the region.

APEC is presently the fastest-developing multilateral organization in the world. APEC enables Canada to pursue specific objectives such as expanding trade opportunities, promoting investment and trade liberalization, and protecting the environment. It provides an opportunity to match the region's

needs to Canadian capabilities and to improve business opportunities and co-operation in sectors of key interest to Canada, including energy, fisheries, telecommunications, transportation and tourism.

This year's Summit proved to be a huge success; with all 18 member economies following up on the Indonesian summit of last year with bold steps toward the removal of all trade barriers by a specified date: 2010 for the developed economies, 2020 for developing ones.

There are three important outcomes of this year's meetings.

The first is the "Action Agenda." As you will have read, APEC members developed an Action Agenda – a framework to fulfil the vision of free and open trade and investment. Many of you also will have read the speculation in the press prior to the meeting as to whether ministers and, through them, leaders would be able to reach an agreement on the Action Agenda. Some predicted the demise of APEC if leaders were unable to reach a consensus on how to proceed with implementing the Bogor Declaration.

One of the stumbling blocks was the issue of comprehensiveness – that is, whether APEC applies to all sectors. The Japanese, Koreans, Chinese and Taiwanese, for example, argued that agriculture should receive "special treatment." Canada's position, on the other hand, was that there should be no exclusions in initiating our pursuit of broad trade liberalization and facilitation.

Fortunately, as you know, ministers were able to agree, and the Osaka Action Agenda was approved and presented to leaders when they met on November 19. APEC leaders adopted the Agenda at the start of the meeting without any amendments. The Agenda sets the framework for work on what are referred to as the three pillars of APEC's work: trade liberalization, trade facilitation, and economic and technical co-operation.

The Action Agenda calls for all APEC members to develop individual liberalization packages in early 1996. We will then enter into a process of consultation and comparison to examine the rough balance in undertakings. Once developed and agreed, these packages of trade and investment liberalization and deregulation measures will be delivered to the APEC Ministerial Meeting next year in Manila.

The following year, 1997, APEC economies will begin to implement their individual packages on January 1. The progress made by each economy during the first 10 months of 1997 will likely be the focus of the APEC Ministerial and Summit Meeting in Vancouver.

Besides the Action Agenda, Osaka had two other important results – the so-called Initial Actions and the decision to work together to invigorate action in global trade talks in the WTO.

Each member economy was required to make a "down payment" or "initial action package" at the Osaka meeting to demonstrate good faith in moving towards the objective of free and open trade and investment by the year 2010.

China, Canada's fifth-largest trading partner, will reduce its import tariffs by up to 30 per cent from next year on 4000 products. It has also offered to eliminate some import controls and to permit Sino-foreign trading companies to establish in China. All told, these represent China's biggest liberalization measure since 1979.

Japan has offered to cut its tariffs on almost 700 products. It is also looking at some significant deregulatory measures to improve foreign business access.

Indonesia, the world's fourth-largest country, is pressing ahead with reforms to open up its economy, and will reduce tariffs progressively by up to 10 per cent on a number of products by 2003.

As you can see, Canada cannot afford to opt out. At the end of the day, APEC is about access to some of the most dynamic and fast-growing markets in the world.

Canada's own initial Action package for Osaka included, beyond its Uruguay Round commitments: reductions of MFN [most-favoured-nation] rates on 1500 tariff line items; reduction of 3016 existing GPT [General Preferential Tariff] rates; and the extension of GPT treatment to 219 tariff lines not previously covered.

I should point out that despite portrayals in the media to the contrary, the Auto-Pact is not "on the table" for discussion in APEC.

Similarly, culture has not been discussed in APEC. Although any economy is free to raise any issue it wants, that does not mean that the other members will agree to discuss it. Canada intends to preserve its cultural identity and cultural industries, as do other APEC members. Should the issue arise, we will continue to ensure that Canadian interests are preserved.

On the issue of invigorating the WTO, Canada is particularly pleased that both ministers and leaders endorsed the proposal by Canada that APEC members should develop initiatives in anticipation of the first Ministerial Review Conference in Singapore in December 1996. This is an important facet of our

desire to emphasize the openness and outward-looking nature of APEC.

In fact, APEC trade ministers will meet next summer to explore how we can infuse APEC's momentum into the rest of the world trading system. But I don't want to leave you with the impression that APEC is just about government officials and ministers meeting in far-off places. That is not at all the case. In the end, APEC is for business and about business - both in the shorter term and the longer term.

In the longer term, tariffs will be lower and markets that were once the exclusive domain of indigenous companies will be open to Canadian companies. But in the shorter term, APEC members are working on other types of business facilitation. Leaders agreed that, collectively, the member economies need to cut down on the paperwork for business people. They also endorsed the work of the APEC Customs Procedures Group to harmonize and simplify customs in the region by 1998 and to eliminate some of the most irritating customs problems in the area. Business people travelling in Asia-Pacific might be able to get their visas for short-term business trips more quickly. In this regard, the Australian Prime Minister, Mr. Keating, advanced an interesting proposal at Osaka. He suggested the development of an APEC business travel card to facilitate immigration and customs procedures for business people in the region. We supported the idea and will work with the Australians to develop the details.

A computer network will be built that will allow businesses to look up tariff rates, information on non-tariff barriers, and so on. Many APEC markets are viewed as opaque. APEC's efforts to gather and make available information on investment regimes, government procurement, intellectual property and competition policy practice can only be helpful to those seeking to enter new markets.

Canada values and encourages the input of the Canadian private sector at all levels of APEC activity, especially in the 10 working groups and symposiums, where useful technical exchanges and new relationships can result. Although APEC's 10 sectoral working groups were not present in Osaka, they do meet throughout the year to look at and provide advice on specific trade and investment issues. These working groups often directly involve business participants or advisors. These groups cover: fisheries; human resources development; industrial science and technology; resources conservation, energy co-operation; telecommunications; trade and investment data; trade promotion; transportation; and tourism. In addition, there are ad hoc experts' groups covering small and medium-sized enterprises (SMEs) and agricultural technology. These working groups contribute towards economic and technical development, for example, through technology transfer and solutions for regional economic infrastructure.

Canadian companies have been particularly active in the Transportation and Telecommunications Working Group activities. As well, over the past three years, APEC has benefited from private sector insights and advice from two prominent bodies – the APEC Eminent Persons Group (where Canada was represented by John S. MacDonald of MacDonald Dettwiler) and the Pacific Business Forum (where Canada has been represented by the President of the Canadian Chamber of Commerce, Tim Reid).

Input from these groups was particularly critical in helping governments find the political will to agree to the vision of regional free and open trade and investment set out in the Bogor Declaration. This year, at the Osaka APEC meetings, it was decided that such an advisory capability should be made permanent and the decision was taken to form an APEC Business Advisory Council with up to three representatives per member. APEC also seeks to integrate private sector know-how and views at the working level.

In short, I believe that the outcome of the Osaka meetings will enhance the prospects for success of the Canadian private sector in the Asia-Pacific region. We are a country of competitive traders. I've no doubt that given our high-quality products and services, a more open trade and investment environment presents an enormous number of opportunities for Canadian companies. It's now up to business to pursue them.

Thank you.

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Statement

95/71

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE
BOSNIA PEACE IMPLEMENTATION CONFERENCE

LONDON, England
December 9, 1995



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Mr Chairman,

The implementation of the agreement bringing peace to Bosnia and Herzegovina is a challenge to which the international community must rise. This is a priority concern for all those around this table. Many of us have sent men and women into the field as part of the international effort to alleviate the tremendous suffering and devastation that has taken place. It is critical that we now look to the future.

The peace agreement will be signed next week in Paris. But it is essential that we highlight now the fact that the signing of the agreement itself will not suffice to ensure peace. The agreement must be implemented, fully, speedily and with commitment. This is the key. This is not the moment for the international community to end its efforts. The parties to the conflict have requested our help in the implementation of the peace agreement. Canada is ready to respond.

Canada's focus will be on social rehabilitation and the development of democratic and just societies because economic restoration alone will not secure peace. In this regard, Canada fully supports the role set out for the OSCE [Organization for Security and Co-operation in Europe] in the peace agreement, especially in the organization of free and fair elections and in the promotion and protection of human rights. We are ready to provide assistance with respect to elections and in the creation of national human rights institutions. In the same vein we will be active in the promotion of a free media in the region and will continue to support the work of the International Criminal Tribunal for the former Yugoslavia. We are also prepared to provide expertise to the United Nations [UN] in the establishment of the International Police Task Force called for in the Dayton agreement.

Canada's longer-term assistance in the former Yugoslavia will see a concentration of project assistance for community-based initiatives and the rehabilitation of social infrastructure.

Mr. Chairman,

In the area of humanitarian assistance, Canada will contribute to the efforts led by UN agencies, such as UNHCR [United Nations High Commissioner for Refugees] (under the direction of Ms. Ogata) and the World Food Program, by the ICRC [International Committee of the Red Cross], and by Canadian non-government organizations that will be active in social rehabilitation in the region. The work that will be carried out by the UNHCR with respect to the right of refugees and displaced persons to return, freely, to their homes is of vital importance. The full co-operation of the parties to the peace agreement will be required in addressing this issue.

In the area of security, Canada will contribute to the military implementation force, which will assist in the implementation of the military aspects of the peace agreement. As well, we will support the negotiation of confidence-building measures and arms' limits in the former Yugoslavia. We welcome the forthcoming Bonn conference that will focus on these issues. We will also support the setting up of a regional table on Balkans security, possibly within the framework of the European Stability Pact.

We are also ready to contribute to multilateral assistance toward economic reconstruction. In addition, we are prepared to consider the possibility of some debt relief within the Paris Club framework, if the eligibility requirements for such relief are met. It is important that the reconstruction process be effectively co-ordinated. This will require the World Bank to play a central role.

Mr. Chairman,

The peace agreement initialled in Dayton, and to be signed in Paris, marks only the end of the war; it must also mark the beginning of a long process of reconstruction and rehabilitation. It is fundamental to long-term stability that a multilateral reconstruction effort not seek to reward or punish past behaviour but, instead, be available to all those in need.

We congratulate the parties to the peace agreement on their success in ending a conflict that has destroyed so much. We call upon them to work co-operatively in the next critical phase of implementation, in the same spirit of maturity and compromise that allowed for the successful conclusion of the peace negotiations in Dayton.

Thank you.

CAI
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- 277

Statement

95/72

YEAR-END MESSAGE

BY

THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE

"TRADE LEADS IN GROWTH AND JOB CREATION"



December 13, 1995



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As I review the events of 1995, one fact stands out: Canada's exports are growing at unprecedented rates. As we approach the holiday season, Canadians have every reason to take pride in their exceptional performance in foreign markets and to celebrate their successes.

Month after month, Statistics Canada has reported substantial increases in our exports, but it is only by adding up the figures that these routine, monthly announcements reveal the economic phenomenon that lies behind them. In the first nine months of the year, Canada's merchandise exports grew by a remarkable 20 per cent and its trade surplus by a dramatic 63 per cent, compared to the same period last year. This follows a similar export performance in 1994, when exports of goods rose 20.5 per cent over 1993 and the trade surplus grew by 34 per cent.

This rapid growth in our exports is diversified. It is taking place primarily in value-added and major export sectors such as industrial goods, machinery and equipment, and automotive products, as well as in more traditional sectors such as forestry products.

It is also taking place in all major world markets. Our exports to the United States were up 17 per cent in the first nine months of 1995 over the same period in 1994; to Latin America, 29 per cent; to Japan, 32 per cent; to the European Union, 42 per cent; to China, 44 per cent; and to all other Asia-Pacific nations, 47 per cent.

Although exports of services, which represent roughly 13 per cent of our exports of goods, have not progressed as vigorously, they nevertheless grew by 12 per cent in 1994 over 1993 and by 10.5 per cent in the first nine months of 1995 over the same period last year.

The robust expansion of Canadian exports of goods and services has greatly increased the share of our national income derived from trade. As a proportion of our gross domestic product [GDP], our exports of goods and services amounted to 26 per cent in 1992. For 1994, this figure reached 33.2 per cent, and by September 1995, the annualized rate for these exports had grown to 36.6 per cent of our GDP.

For individual Canadians, this means that exports have now become the most significant factor in the growth of our GDP and one of the most important contributors to job creation. Indeed, based on economists' estimates, every \$1 billion in exports sustains 11 000 to 12 000 jobs.

These outstanding results are not simply due to changes in the value of the Canadian dollar. Far more important has been improved market access resulting from multilateral and regional trade and investment liberalization; the growing international demand for Canadian goods and services; and the fact that

individual companies, large and small, are rising to the challenge of the global marketplace.

Canadians increasingly see the benefits of working together to achieve success in international markets. In doing so, they give real meaning to the Team Canada approach to international trade so successfully championed by the Prime Minister. It is when we, in government, in industry and as individual Canadians from all regions and all walks of life, pull together that we succeed best. Canada works and Team Canada makes it work. In 1994, we went one step further in the Team Canada approach and instituted a domestic partnership of the private sector and the federal and provincial governments, which now ensures that together we develop and implement a targeted, co-ordinated and effective international business development strategy for Canada.

This strategy also takes into account that small and medium-sized enterprises [SMEs] are the main generators of additional jobs in Canada and stresses the need for more of them to turn their attention to the opportunities offered by export markets. We have engaged the banking community to become more involved in financing support for new exporters. The Export Development Corporation [EDC] has also put into place more creative export financing and special facilities to provide improved service to SMEs. Abroad, the Trade Commissioner Service will focus on the new needs of Canadian companies, particularly SMEs, as they face a more competitive world.

Access to markets is among the most significant factors in winning additional world business. New Year's Day 1995 marked the birth of the new World Trade Organization [WTO], the successor of the GATT [General Agreement on Tariffs and Trade]. With more than 125 members, the WTO provides the institutional foundation for the globalized economy. The culmination of more than seven years of negotiations, the Uruguay Round Agreement of the GATT cut tariffs on goods by about 40 per cent worldwide, brought developing countries more into the world economy, and set the stage for rules-based trade liberalization in services, government procurement, investment and agriculture, as well as industrial products.

Canada pursued efforts in 1995 to push forward the global trade liberalization agenda in both regional and multilateral forums. We have been actively engaged in the successful conclusion of the WTO negotiations on trade in financial services. We have worked closely with our Quad partners (the United States, Japan and the European Union) to push the multilateral trade and investment agenda forward. In the OECD [Organization for Economic Co-operation and Development], we have helped launch the negotiation of the first-ever comprehensive multilateral agreement on investment. We have also reached out to middle-size exporters by organizing an informal meeting of 10 trade ministers in Vancouver

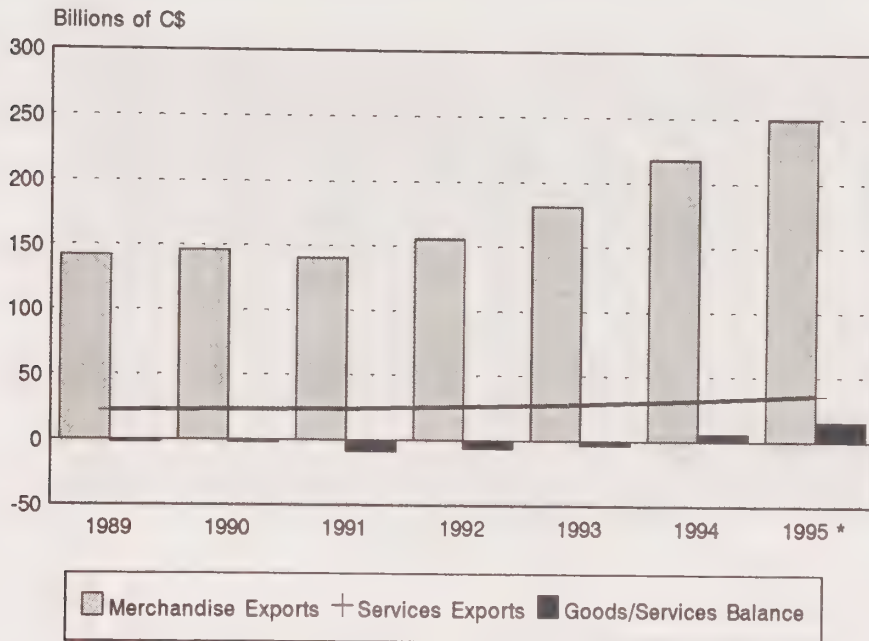
to begin to pave the way for the first WTO Ministerial Conference, to be held in Singapore in 1996.

Canada has been working with the United States and Mexico to expand the NAFTA [North American Free Trade Agreement] to include Chile and, in view of the difficulties encountered by the U.S. Administration in obtaining from Congress "fast-track" trade negotiating authority, we shall take steps to help achieve Chile's accession to NAFTA as soon as possible. Work has also begun with our partners in the Western Hemisphere to create a broader free trade area no later than 2005. In the Asia-Pacific region, government leaders adopted in Osaka, Japan, a "road map" that will guide the 18 economies of APEC [Asia-Pacific Economic Co-operation forum] in achieving free trade in the region by no later than 2010 for developed economies and 2020 for developing economies. More recently, Canada called for the strengthening of transatlantic economic links through further trade and investment liberalization initiatives, leading to eventual transatlantic free trade.

As we look toward the new year, the international trade environment seems poised for additional challenges and opportunities. We shall continue to work with our partners all over the world to open new markets and to break new ground in trade and investment liberalization. We shall also continue to use the Team Canada approach to win new business overseas and thus continue Canada's international expansion, which is so crucial to growth and job creation.

Canadian International Trade

Balance of payments basis

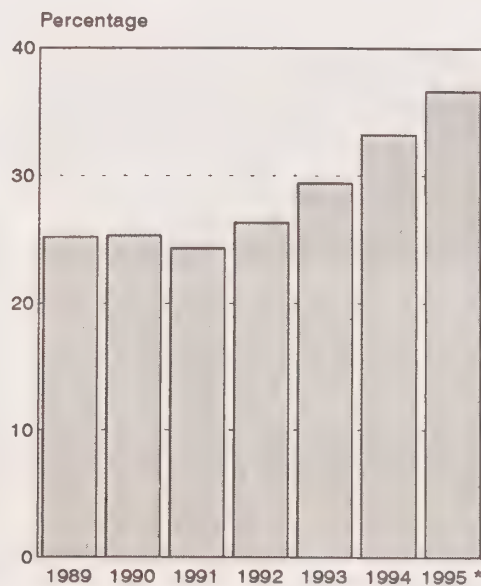
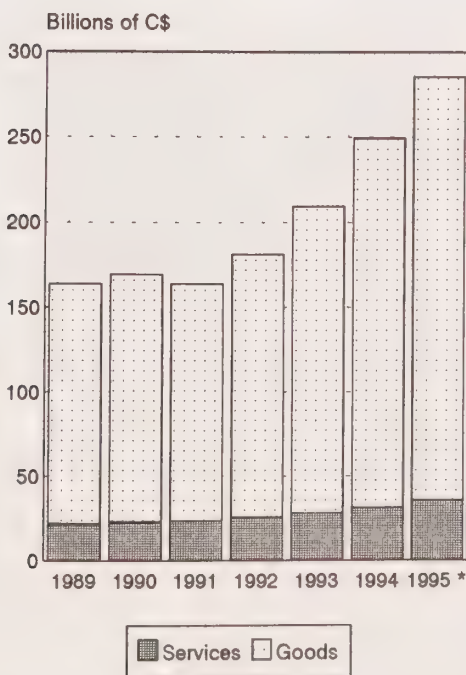


* 1995 estimate based on Jan-Sept 1995 data.

Source: Statistics Canada

Exports of Goods and Services

Balance of payments basis

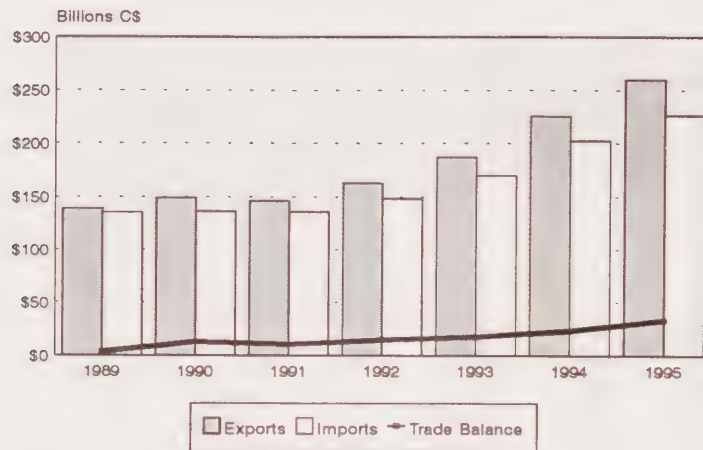


* 1995 estimate based on Jan-Sept 1995 data.

Source: Statistics Canada

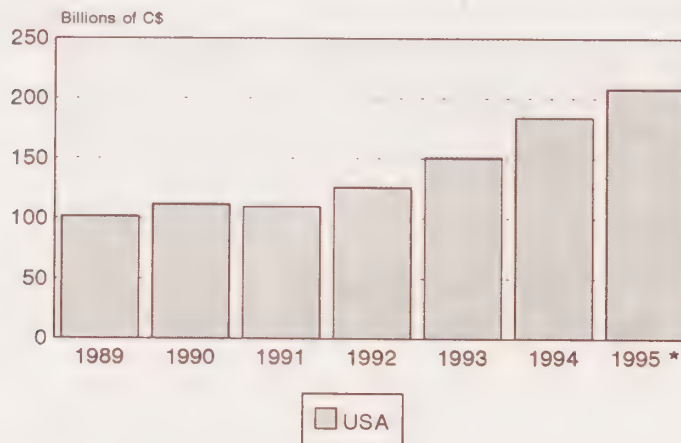
Canada's Merchandise Trade

Customs Basis



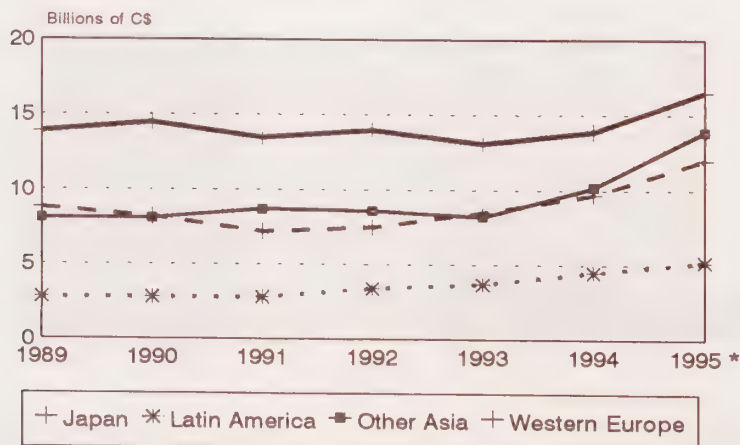
* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

Merchandise Export Growth (to USA)



* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

Merchandise Export Growth (to Other Major Markets)



* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

MINISTER FOR INTERNATIONAL TRADE

1995 TRADE EVENTS

January 1	Entry into force of the World Trade Organization (WTO)
January 16	Mr. MacLaren appoints new chairpersons and announces restructuring of the Sectoral Advisory Groups on International Trade (SAGITs)
January 18	Speech "The Walls of Jericho Fall Down" to the University of Toronto's Centre for International Business outlines Canada's trade policy for the 21st century
January 19-30	Mr. MacLaren accompanies Prime Minister Chrétien and more than 200 business representatives in a major trade mission to six Latin American and Caribbean countries
February 7	Mr. MacLaren and Foreign Affairs Minister André Ouellet table the Government's new Foreign Policy Statement, making the promotion of prosperity and employment through international trade one of three Canadian priorities
February 15	Canada's Export Strategy for 1995-96 released, laying out government strategies and activities in support of international business development
February 16-17	Norwegian Minister of Trade and Shipping visits Canada
February 17	Canada and Korea sign a Memorandum of Understanding on Investment Co-operation
February 21	Canada withdraws tariff concessions on certain products of export interest to the European Union, pending negotiations of permanent compensation resulting from the accession of Austria, Finland and Sweden to the EU
February 26-March 17	Mr. MacLaren visits Japan, Australia and New Zealand to promote stronger trade and investment ties
March 7	New Zealand lifts ban on Canadian salmon imports
March 14	Mr. MacLaren announces during visit to Australia that Canada and Australia will begin negotiations on a bilateral trade and investment arrangement
March 29	Speech to the Economic Strategy Institute, Washington, D.C.

March 31	Release of 1995 <i>Register of United States Barriers to Trade</i>
April 1	Government's international business development programs modified to better assist smaller businesses
April 3-4	Peter Sutherland, Director General of the WTO visits Ottawa to discuss WTO and other trade issues
April 12	Speech to the Mid-America Committee, Chicago, Illinois
April 19	Alberta and the federal government sign an agreement on international business development co-operation
April 24-25	The Secretary-General of the Organization for Economic Co-operation and Development (OECD), Jean-Claude Paye, visits Canada
April 26-27	Eleventh Canada-Mexico Joint Ministerial Committee brings eight Mexican Ministers to Ottawa
May 1	Renato Ruggiero installed as the new Director General of the WTO
May 2	EU Commissioner Responsible for Trade, Sir Leon Brittan, visits Ottawa to discuss trade and investment relations
May 4-5	Mr. MacLaren hosts Quadrilateral Trade Ministers' Meeting in Whistler, B.C.; Ministers lay groundwork for discussions on trade at the G-7 Meeting in Halifax
May 8-12	Indonesian Minister of Investment visits Canada
May 22	Mr. MacLaren speaks to the Royal Institute of International Affairs in London, England, advancing proposals for transatlantic trade liberalization
May 23-24	Mr. MacLaren leads Canadian delegation to the annual OECD Ministerial Meeting
May 24	OECD launches negotiations on a Multilateral Agreement on Investment
May 25-30	Mr. MacLaren leads a delegation of more than 30 business representatives to Hungary, Poland and the Czech Republic
June 5	Minister of Foreign Trade of the Netherlands visits Canada

June 7	Negotiations to achieve Chile's accession to NAFTA launched in Toronto
June 12	Launch of <i>Focus India</i> , Canada's Trade and Economic Strategy for the Indian market
June 21-24	India's Minister of State for Petroleum and Natural Gas visits Canada
June 28	Additional Canadian members appointed to the roster for NAFTA dispute settlement panels
June 30	First Western Hemisphere Trade Ministerial held in Denver, Colorado
July 14	U.S. requests NAFTA panel over Canadian measures on certain agricultural products
July 17	Speech "Trade Rules or Power Politics" to the Canadian Institute for Advanced Legal Studies, Cambridge University, U.K.
July 18-21	Mr. MacLaren visits Sweden and Finland to discuss trade and economic ties
July 23-25	Australian Minister for Trade visits Canada
July 25	New Internet site launched by the Department of Foreign Affairs and International Trade
July 28	WTO members conclude agreement enhancing trade in financial services
July 30-August 3	Pakistan's Energy Minister visits Canada
August 13	Speech on trade and economic liberalization in the Western Hemisphere to the 64th Annual Couchiching Conference, Orillia, Ontario
August 24	Manitoba and the federal government sign agreement on international business development co-operation
August 25	Saskatchewan and the federal government sign agreement on international business development co-operation
September 10-11	Second Annual National Forum on Canada's International Relations held in Toronto

September 11-12	Trinidad and Tobago's Minister of Foreign Affairs visits Canada, and signs a Double Taxation Agreement and a Foreign Investment Protection Agreement with Mr. MacLaren
September 12	U.S. restrictions on Canadian wheat exports expire; Canada rejects the extension of further U.S. tariff rate quotas
September 15	Canada asks the WTO to establish dispute settlement panels on the European Union's duties on grain imports and on the Japanese liquor tax regime
September 21-22	Swedish Minister of Industry and Commerce visits Canada
October 2	Mr. MacLaren and Industry Minister John Manley announce measures to strengthen Team Canada domestically and challenge Team Canada members to double the number of active exporters by the year 2000
October 2	1995 Canada Export Awards presented to 12 Canadian companies in a ceremony in Fredericton, New Brunswick
October 4-6	First Session of the Canada-Russia Intergovernmental Economic Commission held in Ottawa during the visit to Canada of Victor Chernomyrdin, Chairman of the Government of the Russian Federation; Mr. Chernomyrdin and Prime Minister Chrétien establish priority directions for Canada-Russia economic co-operation
October 12	Mr. MacLaren officially launches the Canada-Northern Ireland Steering Group to contribute to a lasting peace in Northern Ireland by encouraging trade and investment relations
October 14	Speech on China's WTO accession to the Annual General Meeting of the Canada-China Business Council
October 15-17	Mr. MacLaren visits Germany to foster trade and investment relations; agreement with German Minister of Foreign Affairs establishes German-Canadian working group on transatlantic relations
October 21-22	Mr. MacLaren attends meeting of Quadrilateral Trade Ministers in Yorkshire, England, to discuss WTO issues
October 23	Mr. MacLaren visits Sweden to deliver a speech entitled "Relating Regionalism with the Global Trading Order" at a major trade policy seminar chaired by Swedish Trade Minister, Mats Hellström

October 24-25	Mr. MacLaren visits Spain to discuss Canada-EU trade and investment relations as that country assumes the chairmanship of the Council of Ministers of the European Union
October 25	Canada succeeds in removing roadblock to Quebec exports of UHT milk to Puerto Rico
October 29-31	Second annual Middle East/North Africa Economic Summit held in Amman, Jordan
November 1-8	Pakistan's Commerce Minister visits Canada
November 2	Speech to the Pacific Basin Economic Council on trade and investment liberalization in the Asia-Pacific region
November 6-7	Mr. MacLaren visits Japan to promote trade and investment relations and launches a new edition of <i>Canada's Action Plan for Japan</i>
November 8-15	Mr. MacLaren leads a delegation of senior Canadian business representatives to the Philippines and Indonesia
November 15	Canada and Australia sign a Trade and Economic Co-operation Arrangement
November 16-19	Mr. MacLaren participates in the Asia-Pacific Economic Co-operation (APEC) Ministerial Meeting in Osaka, Japan
November 22	The EU postpones its ban on fur imports for one year
November 23-24	Mr. MacLaren hosts informal trade meeting in Vancouver involving ministers from 11 trading partners
November 26-29	Poland's Minister for Foreign Economic Co-operation visits Canada
November 27	South African Trade and Industry Minister visits Toronto and signs a Double Taxation Agreement and a Foreign Investment Protection Agreement with Mr. MacLaren
December 5	Canada and the European Union settle several outstanding trade issues affecting \$1 billion worth of Canadian exports to the EU

Statement

95/73

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO A SEMINAR ON DOING BUSINESS IN ASIA
IN PARTNERSHIP WITH JAPAN

VANCOUVER, British Columbia
December 8, 1995



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I am pleased to be here today and to see so many familiar faces. It is always nice to return from Ottawa each Thursday night when the House is sitting, but this weekend is particularly pleasant. The temperature is about 30 degrees warmer here and, most importantly, I can proudly tell my fellow British Columbians that my colleagues and I in the B.C. Liberal Caucus managed to secure a constitutional veto for B.C.!

It is also an honour to speak at a conference that includes distinguished representatives from the Japanese Ministry of Foreign Affairs, the Japan International Co-operation Agency, the Overseas Economic Co-operation Fund and from the major Japanese trading houses, all concerned with the common challenge we face in promoting international development. Two weeks ago I had the pleasure of accompanying Prime Minister Chrétien to Osaka, Japan for the successful Leader's Summit of the Asia-Pacific Economic Co-operation conference. Those of you in this room from Japan should be very proud of the manner in which your country hosted that important meeting. So to return the favour in a small way, I would like to, on behalf of the Government of Canada, say to each of our Japanese guests: Welcome to Canada. Welcome to Vancouver.

At the Summit in Osaka I also had the privilege of announcing that our beautiful city will host the 1997 APEC Summit. Not only will the Summit clearly generate significant economic benefits for the entire city, but it will also put Vancouver on the centre of the map as the gateway to the Asia-Pacific region and its fast-growing markets.

As you are all well aware, Canada and Japan are strong commercial partners: tens of thousands of jobs are derived from the business done between our nations; hundreds of companies on both sides are currently engaged in profitable enterprise, from selling building products and processed food to investing in automobile and resource-based industries.

Canada and Japan are not only good profit centres for each other, we have also become very good friends, and our friendship is increasing and expanding into new areas. For example, development assistance is a major element of the foreign policies of both Canada and Japan, and dialogue on ODA [Official Development Assistance] is now an important element of our bilateral relationship.

In Canada, we are well aware of the important role Japan is now playing in international development. Japan is the world's largest bilateral aid donor, and Canada recognizes that Japan has accepted a leadership role in this important area of international relations.

With regard to the involvement of business in international development, Canada most certainly wants to learn more about the policies and approaches Japan uses to engage the private sector, both Japanese and non-Japanese, in international development, in

its relationship with ODA agencies, and in its ODA management and delivery.

Conferences such as this one are valuable for both Canada and Japan. They allow professionals to identify areas of common interest and to explore ways of co-operating on real projects in third countries. For the expertise in our respective countries offers a unique opportunity for joint co-operation in many areas of development assistance. For example, the amount of assistance offered by the Government of Japan continues to increase while in Canada we have developed expertise in third country co-operation. At the same time, requests made by developing countries are much more diversified and complex. Under such circumstances, for the purpose of conducting development projects with greater effectiveness and efficiency, our two countries are committed to working together in co-operative activities in countries of mutual interest. We each bring different strengths to development — strengths that are complementary. Japan has been very open to drawing on the experience of other countries and taking the best of what is available and adapting, even improving, it.

By providing factual information to Canadian companies on Japan's ODA, we trust that this seminar will build awareness of the significant procurement opportunities available to Canadian exporters and to the Canadian private sector in general. Hopefully, this seminar will also provide a primer on how to access the procurement opportunities. In turn, we hope to encourage Canadian companies to participate more in Japan's aid projects.

By pooling resources and expertise, Canada and Japan can maximize the results of co-operation in countries such as Viet Nam, China, and Indonesia. We are here today to learn from the Japanese experience with the private sector, especially at the initial stage of project identification. In particular, I know you are anxious to understand the methods of operation of the Japanese ODA agencies, and to understand their programs and priorities. There is perhaps no other province in Canada where this is more important than here in British Columbia.

Indeed, just under half of all British Columbia exports are destined for Asia-Pacific markets. British Columbia ranks first among the provinces (per capita basis) for private sector services output. British Columbia suppliers are actively pursuing World Bank, Asian Development Bank as well as CIDA [Canadian International Development Agency] sponsored projects for power, rural communications, environmental remediation and human resource development. The possibility of working closer with Japan under ODA auspices on such opportunities is both timely and welcome. This seminar today gives us a practical opportunity to foster prosperity, in the Asia-Pacific region, through a mutually beneficial partnership.

In Canada we are very much aware of the tremendous growth of the Asian economies over the past decade, particularly here in Vancouver, which is our main gateway to Pacific markets. Many countries in Asia, both those that are developing and those that have attained the status of "Newly Industrialized Countries" have huge projects involving power generation, transportation, communications, the provision of adequate clean water, the disposal of sewage and industrial wastes, etc. These are areas of considerable Canadian expertise, but often Canadian companies have been frustrated in their efforts to do business in these sectors and in these regions. They are frustrated not for technical reasons, but for reasons related to project financing and unfamiliarity with business procedures. These procedures are often very different from those in Canada or the more familiar territory of the United States, or Europe, or even Japan itself.

And so, this series of seminars was arranged in order to help Canadian business unravel some of the complexities of doing business in Asia. We are encouraging Canadian business to work with those Japanese firms, particularly the general trading companies, that have expertise in Asia complementing their own.

In sum, the Japanese are unparalleled in their knowledge of Asia, their involvement in projects, and their access to commercial and government financing. The Japanese have a way of being the first in to new markets. Japanese firms are involved in the whole spectrum of business in a country, beginning with infrastructure projects and trade, then making investments in manufacturing and services, as a country develops and the needs and aspirations of its people become more sophisticated. These are some of the many reasons why we are inviting you to do business in Asia in partnership with Japan.

Thank you. Domo arigato gozaimashita.

Statement

95/74



OTTAWA MINISTERIAL DECLARATION ON COUNTERING TERRORISM

P-8 MINISTERIAL CONFERENCE ON TERRORISM

December 12, 1995



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PREAMBLE

1. We met in Ottawa on December 12, as agreed upon at the Halifax Summit in June 1995 by the Heads of State and Government of the seven most industrialized nations and Russia, to discuss specific, co-operative measures to deter, prevent and investigate terrorist acts. We fulfilled our mandate and are united in our determination to work together with the entire international community to combat terrorism in all its forms.

G-7/P-8 HISTORY

2. Since 1978, the G-7 partners have worked together to counter terrorism. Their co-operation has been instrumental in obtaining agreements in many forums on issues such as transportation security and the exchange of information. There has also been extensive work by the G-7, over the course of the last two decades on ensuring that loopholes in national legislation are closed, and that countries act in concert in denying arms and free movement to terrorists. These efforts have shown leadership to the international community as a whole. Russia's experience and participation is of great assistance in supporting the efforts of Summit partners in combatting terrorism.

REVIEW OF RECENT TRENDS

3. We began by exchanging views on recent major terrorist events including the Tokyo subway attacks, the bombing in Oklahoma City, the hostage taking in Budennovsk, major terrorist attacks against the Middle East peace process (including the assassination of Yitzhak Rabin), the persistent attacks by the ETA, the bombing campaign in France, and the bombings in Riyadh and Islamabad. These and other events point to a number of trends including an upsurge in domestic terrorism, an increase in hostage taking and indiscriminate violence by religious extremists and apocalyptic groups that practice terrorism, as well as continuing examples of attacks on tourists and of the export of regional conflicts. These developments have been accompanied by a continuing use of conventional weapons, in particular those designed for massive explosions, and by a new and worrying use of non-conventional weapons, for example chemical weapons. We call for political groups to use dialogue, exercise tolerance and repudiate the use of terrorism. We offer dialogue to those who reject violence and respect the law. Those who attempt to achieve their aims through violence will, however, meet with our strongest resolve and be held accountable for their criminal acts.

IMPROVED INTERNATIONAL CO-OPERATION

4. We are determined to work together in the international community, with international organizations, institutions and other forums to fight terrorism. We will work in all organizations of the UN family, the General Assembly and all other appropriate forums to identify and adopt practical measures to fight terrorism, including, where necessary, legal instruments. We will work bilaterally and multilaterally, taking full advantage of such organizations as Interpol, to improve measures against terrorism. We will propose and support information sharing with and among members of other regional organizations. We welcome, for example, the efforts made in the context of the recent sub-regional meeting in Buenos Aires, and the prospects for the OAS Ministerial meetings on terrorism.

INTERNATIONAL AND DOMESTIC LEGAL FRAMEWORK

5. We call on all states to strive to become party to the existing international conventions concerned with countering terrorism, and urgently bring their domestic legislation into harmony with those conventions by the year 2000. It is our view that strong laws, effectively enforced, continue to be a convincing deterrent in combatting terrorism. We call upon all States that assist terrorists to renounce terrorism and to deny financial support, the use of their territory or any other means of support to terrorist organizations. All perpetrators of terrorist acts must be brought to swift justice. Stronger law enforcement co-operation and mutual legal assistance are among the measures best suited to deter and prevent international terrorist acts and punish terrorists. We have decided to have our experts continue to explore new ways of enhancing the current international legal regime, in particular to address new forms of terrorism. To prevent terrorists from escaping punishment, we call on all States to strengthen their domestic, bilateral or international extradition arrangements and to consider adoption of additional instruments.

EXCHANGE OF EXPERTISE AND INFORMATION TO PREVENT TERRORIST ACTS

6. One of the more effective tools we have to counter terrorism is sharing information among ourselves and with others. Terrorists operate secretly. Intelligence concerning terrorists, their movements, their support and their weapons is essential for countering their activities and enforcing laws against terrorism. Increasing the sharing of expertise, information, and intelligence between our countries and among the international community, is essential for countering terrorism.

With an aim to preventing terrorist acts, we propose to:

- share our technical knowledge, intelligence, forecasts of threats and activities, and information on different tactics, methods and means of terrorists, through closer bilateral and other forms of co-operation among police and security agencies and other relevant authorities;
- share more widely information, including consular travel advisories, on countries where there is a threat to our citizens abroad;
- share expertise on the protection of public buildings and facilities;
- share information on fanatical and apocalyptic terrorist groups;
- increase counter-terrorism training and assistance;
- improve procedures for the tracing and tracking of suspected terrorists; and
- enhance information sharing on major terrorist incidents in a timely fashion.

TAKING OF HOSTAGES

7. We noted the sinister increase in the taking of hostages by terrorists and other criminals. We call on all States that have not already done so to adhere to the 1979 International Convention Against the Taking of Hostages. We call on all States to condemn the practice of hostage-taking; to refuse to make substantive concessions to hostage-takers; to work for the safety of those taken hostage; to deny to hostage takers any benefits from their criminal acts; to work tirelessly together to resolve ongoing hostage cases, and to bring to justice those responsible.

NEW THREATS RELATED TO WEAPONS OF MASS DESTRUCTION

8. We intend to strengthen measures to prevent the use of weapons designed to induce high casualty rates, and encourage others to do likewise. We also noted with deep concern the chemical gas attacks on the Tokyo subway system, which caused deaths and widespread injury. We urge all Governments to take the strongest measures to prevent toxic chemicals and biological agents from getting into the hands of terrorists and to adopt appropriate national legislation and controls in line with the Chemical Weapons and Biological and Toxin Weapons Conventions. We invite countries that have already taken such measures to share their expertise with those wishing to take such measures. We have agreed to exchange information among ourselves and with others. We will implement measures to deter and respond to chemical and biological terrorist threats and incidents, and to investigate and prevent the illicit production, trafficking, possession and use of such substances. We encourage other governments to join

in this effort. We ask our experts in this area to meet and further pursue development of these measures.

We have asked the experts concerned with the preparation of the Moscow Summit on Nuclear Safety and Security (to be held in spring of 1996) to also consider measures, taking into account the 1980 Convention on the Physical Protection of Nuclear Materiel, to prevent nuclear materiel falling into the hands of terrorists.

PREVENTING THE MOVEMENT OF TERRORISTS

9. Effective entry controls, assisted by new and emerging technologies, will help prevent the spread of terrorism. We, therefore, propose to co-operate further in the development of travel documents that are more difficult to falsify and to increase joint training and information sharing among ourselves, and with others, on fraudulent travel document detection and immigration control. In this regard, we recognize the importance of the ICAO standards being adopted and urge all countries to implement them. We also call on all States to enforce sanctions against the use of false and fraudulent documents. Within the framework of international law and in our own jurisdictions we will deny entry to all those, including diplomats, who, on the basis of available information, are involved in terrorist activities and thereby pose a threat to national security .

TRANSPORTATION SECURITY

10. We have agreed to work together and with others to continue to improve security of all forms of transportation around the world. To date, there are seven international conventions and treaties related to transportation security, which have had a marked impact on maritime and aviation security. We encourage the current work of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) to develop common standards for security procedures to boost security in the aviation and maritime fields. Their resolutions must be implemented by the entire international community, with an aim of tightening international mechanisms in the fight against terrorism.

PUBLIC FACILITIES

11. Terrorists take advantage of the openness and vulnerability of public facilities, particularly in free societies. As anti-terrorist measures have become more successful, terrorists are looking to new targets of opportunity in their attacks. In order to reduce the risks to our citizens, we pledge to co-operate

further and to share information and experiences concerning the protection and securing of possible targets such as transport systems, information systems, public utilities, and public buildings, including diplomatic premises.

TERRORISM FUNDING

12. We have agreed to pursue measures aimed at depriving terrorists of their sources of finance. We encourage all States to take action in co-operation with other States, to prevent terrorists from raising funds that in any way support terrorist activities, and to explore the means of tracking and freezing assets used by terrorist groups.

CONCLUSION AND GUIDELINES FOR ACTION

13. We are determined as a group to continue to provide leadership on this issue to the international community, using bilateral and multilateral measures and agreements to counter terrorism. We will continue to develop specific, co-operative measures to deter, prevent, and investigate terrorist acts and to bring terrorists to justice. We will take action to implement the guidelines set forth in this declaration, summarized as follows:

- calling on all states to strive to join existing international treaties on terrorism by the year 2000;
- promoting mutual legal assistance and extradition;
- strengthening the sharing of intelligence and information on terrorism;
- pursuing measures to prevent terrorist use of nuclear, chemical and biological materials;
- Urging all States to refuse to make substantive concessions to hostage takers and to ensure those responsible are brought to justice;
- inhibiting the movement of terrorists and enhancing measures to prevent the falsification of documents;
- strengthening protection of aviation, maritime and other transportation systems against terrorism;
- countering terrorist attacks against public facilities and infrastructures;
- depriving terrorists of funds; and,
- increasing counter-terrorism training and assistance.

Statement

95/75

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
ON THE OCCASION OF
THE HONDA CANADA ANNOUNCEMENT



TORONTO, Ontario
December 19, 1995



Government
of Canada

Gouvernement
du Canada

Canada

Ladies and gentlemen:

I am very pleased to join my colleague, John Manley, Premier Harris and Ministers Eves and Saunderson in welcoming this major investment announcement by Honda Canada.

Recently, I had the pleasure of meeting with Honda executives both here and in Japan, especially President Kawamoto, to discuss plans for the expansion of Honda's Canadian operations. I know from those discussions that a great deal of thought, comparative research and planning went into the decision that we have gathered here today to welcome.

A key factor was Honda's positive experience during 10 years of manufacturing in Canada. Part of that success story is Canada's competitive business environment, including an adaptable and highly skilled workforce and the availability of dependable high-quality parts suppliers. And as Minister for International Trade I would not want to overlook Honda's recognition that Canada is a very good launching pad into the wider North American market and beyond.

We welcome investments of this kind because they contribute to growth in jobs and prosperity. Currently, we estimate that one in 10 jobs in Canada can be attributed directly to international investment.

These investments in Canada also lead to expanded exports abroad, including from Honda in Alliston. Indeed, approximately 15 per cent of total Canadian exports are directly linked to international investment in Canada's auto sector. Looking at our exports as a whole, more than half of them flow from the Canadian subsidiaries of international companies.

Another benefit is that such investments often lead to yet more investments, simply because other investors want to be where the business environment is favourable.

In fact, the announcement this evening may well lead to additional investment in Canada by Japanese, European and North American auto parts companies to supply the Alliston and other expanding plants.

I want to congratulate Honda on its sound decision, to thank you for choosing a Canadian location for your new plant, and to wish you continued success in Canada in the new year — and beyond!

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